

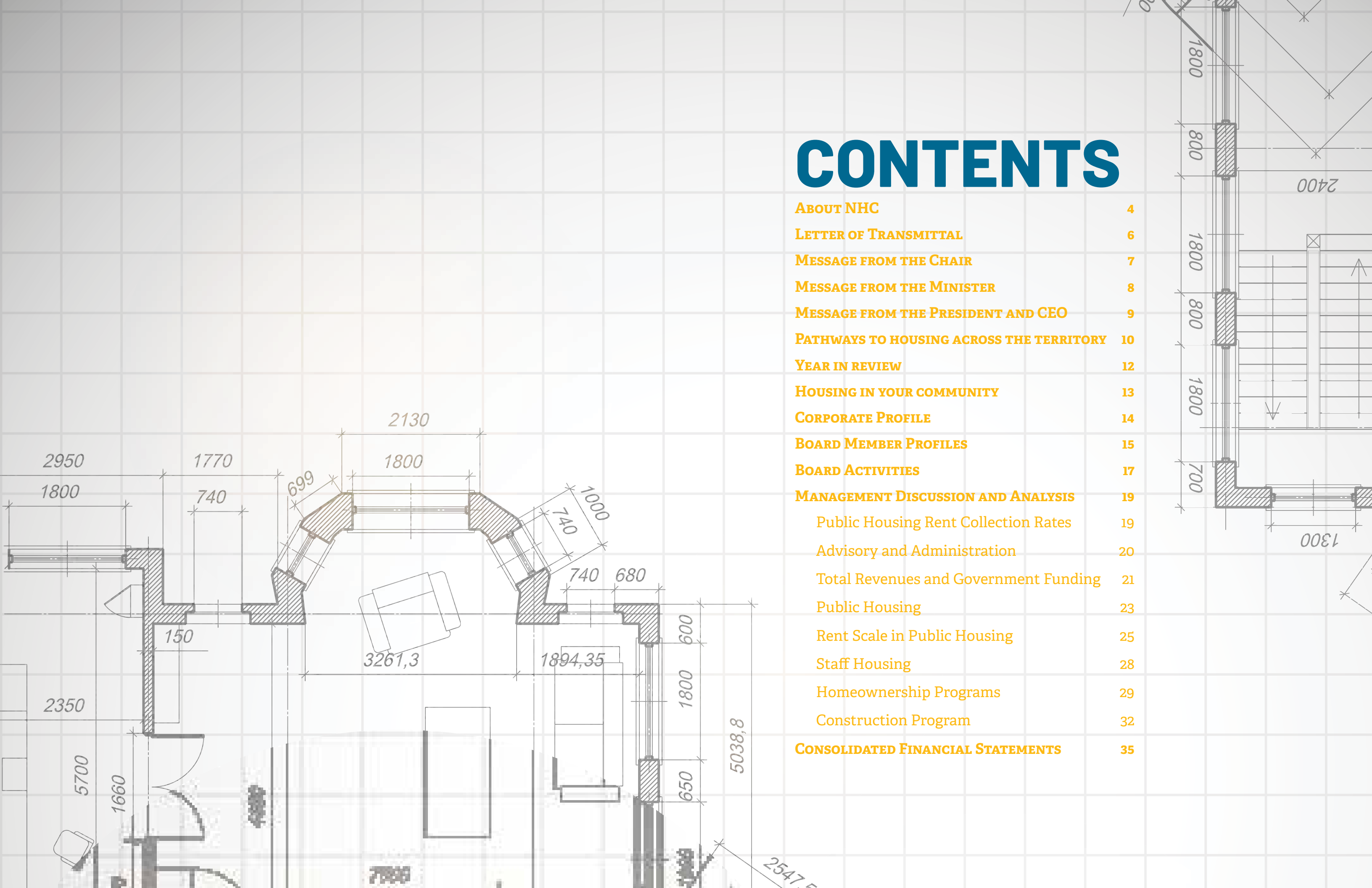


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NUNAVUT HOUSING CORPORATION  
LA SOCIÉTÉ D'HABITATION DU NUNAVUT  
NUNAVUNMI IGLULIQIYIIRYUAT

# 2021- 2022 ANNUAL REPORT

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# 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 Ariak  
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, 2021 to March 31, 2022.

Respectfully submitted,



**Honourable Lorne Kusugak**  
Minister responsible for the Nunavut Housing Corporation



# MESSAGE FROM THE CHAIR

This year, the Board welcomes Eiryn Devereaux as the new president and CEO of the Nunavut Housing Corporation. He has extensive experience with government, housing and construction. The Board looks forward to his leadership of the Corporation. The Board is also looking forward to providing our unconditional support to our new minister, the Honourable Lorne Kusugak.

The Nunavut Housing Corporation has emerged from the global pandemic and is now faced with the growing challenge of rising construction and operating costs. Working with an inventory of 5,955 Public Housing Units and 1,735 Staff Housing Units, the Corporation has been working to address these rising cost challenges.

The Nunavut Housing Corporation continues to work closely and provide support to the 25 Local Housing Organizations that provide direct management of our housing inventory. An example of one initiative is a contract issued to construct a new office, warehouse and garage facility for the Qammaq Housing Association in Sanikiluaq.

I am also pleased to see that our efforts to work with the City of Iqaluit to deliver housing have been successful. Iqaluit has secured funding for an additional 18 public housing units which will be added to the Nunavut Housing Corporation's inventory once completed.

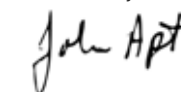
We have also completed and tabled the Report on the Public Housing Rent Scale and the Construction Cost Review, which we will use to support our efforts to deliver housing to Nunavummiut. These were completed in the spring and tabled in the fall session of the Legislative Assembly in the 2021-22 fiscal year.

The Board continues to provide oversight functions with respect to the Corporation's financial controls, audit and financial reporting responsibilities. We are pleased the Corporation has had many years of unqualified audit reports.

During the year Kathy Hanson's term on the Board expired. Kathy was our vice-chair and the Board thanks her for her dedication and service. I would also like to take this opportunity to congratulate George Qulaut who was confirmed vice-chair of the Board by the Minister. I look forward to serving with him.

The Corporation will face many challenges in the upcoming years. The Board will support the Corporation to address these and I am confident we will work with our partners to achieve continued improvements in housing for Nunavummiut.

Sincerely,



**John Apt**  
Chairperson  
Nunavut Housing Corporation Board of Directors

**Board of Directors**

George Qulaut, Vice-Chair  
David Evalik  
John Hussey

Peter Tapatai  
Patrick Tagoona



## MESSAGE FROM THE MINISTER

As we embrace ambitious new challenges through the Katujjiluta Mandate, we welcome a new president and CEO. Eiryn Devereaux will lead us in our efforts to add 1,000 affordable housing units throughout the housing continuum. We thank Terry Audla for his support through his six-year tenure as president. His leadership and tireless efforts are greatly appreciated.

The rising construction cost has hindered this year's public housing construction plans. Still, progress continues in our efforts to strengthen the housing continuum.

Negotiations have finished over the Canada-Nunavut Housing Benefit. This is a joint investment of \$18 million from the federal and territorial governments to support more than 670 low-income households in need over the course of seven years. The funding is intended to support vulnerable populations to help them pay their rent and keep them from facing eviction.

Ensuring Elders have a place to live in their golden years remains an essential consideration to Nunavut Housing. Renovations requested by the Department of Health at the Iqaluit Elders Centre, including cabinets, flooring and painting, were completed in December 2021, allowing the residents to return to their homes.

Nunavut Housing is also taking steps to increase our resiliency and reduce our dependence on fossil fuels with support from the federal Low-Carbon Economy Fund, a \$6.3 million federal grant which is paying for door replacements, hot water tanks, boilers and furnaces. In all, contracts have been awarded for retrofitting 576 public housing units so far. Energy efficiency is key to ensuring that we can afford maintenance on our housing units as our supply increases.

We must continue to look past our current challenges to prepare for the challenges ahead. Addressing the housing crisis is a marathon, not a sprint.

Sincerely,

**Honourable Lorne Kusugak**

Minister responsible for the Nunavut Housing Corporation



## MESSAGE FROM THE PRESIDENT AND CEO

Since my appointment to the position of President/CEO in January 2022, I am proud to report the Nunavut Housing Corporation continues to make progress towards meeting its mounting challenges and ambitious goals with ingenuity and diligence. This is a testament to the tremendous people we have within our organization who are dedicated to serving Nunavummiut in relation to their housing needs.

Efforts to solicit additional funding for our construction program have been fruitful, but fall short of meeting the obstacle posed by rising costs. The federal government has responded with \$60 million through its 2022 budget. The Housing Corporation has also successfully negotiated for the Rapid Housing Initiative 2.0. Under this agreement, the federal government invested \$45 million for seven projects. This funding was applied to the construction of 101 public housing units in Iqaluit, Hall Beach, Kimmirut, Naujaat, Kugaaruk and Pond Inlet. This builds on last year's \$4.9 million investment through the Rapid Housing Initiative to build two five-plexes in Gjoa Haven and one in Kugluktuk.

While this marks positive progress, at current costs \$4.4 billion would be needed to close the housing gap – more than twice the cost in the 2018/19 fiscal year. We simply cannot afford to build at these prices. As such, the Nunavut Housing Corporation, with support from its Board of Directors and myself, decided against building the planned 62 public housing and staff housing unit put out for tender this year.

We must be open to thinking differently if we are going to achieve the ambitious target of an additional 1,000 affordable housing units set in the Katujjiluta Mandate. As such, we are looking at how we deliver, how we procure new construction and how we manage our project delivery along all points of the housing continuum.

In the meantime, efforts continue to increase the territory's homebuilding capacity. Nunavut Arctic College students are building a new public housing unit in Rankin Inlet. When they are done, they will have gained significant experience building the designs Nunavut Housing uses. We expect the skills they gain will be well-appreciated on the construction yard. This partnership builds on previous collaborative efforts that have seen fire-damaged units renovated to habitability.

The Tenant Education Program is moving ahead in its development as subject matter experts and Nunavut Housing staff concluded working groups in Cambridge Bay and Arviat. This was part of an effort to ensure that the educational materials supporting the curriculum answered the needs of front-line housing professionals. Among those consulted were Local Housing Organization employees, board members and housing managers. We are currently preparing to pilot this project in the coming year. This marks an important step in strengthening our relationship with the tenants we serve.

The housing landscape is constantly changing and we must change with them. Together, I believe we will.

Sincerely,

**Eiryn Devereaux**

President and CEO of the 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

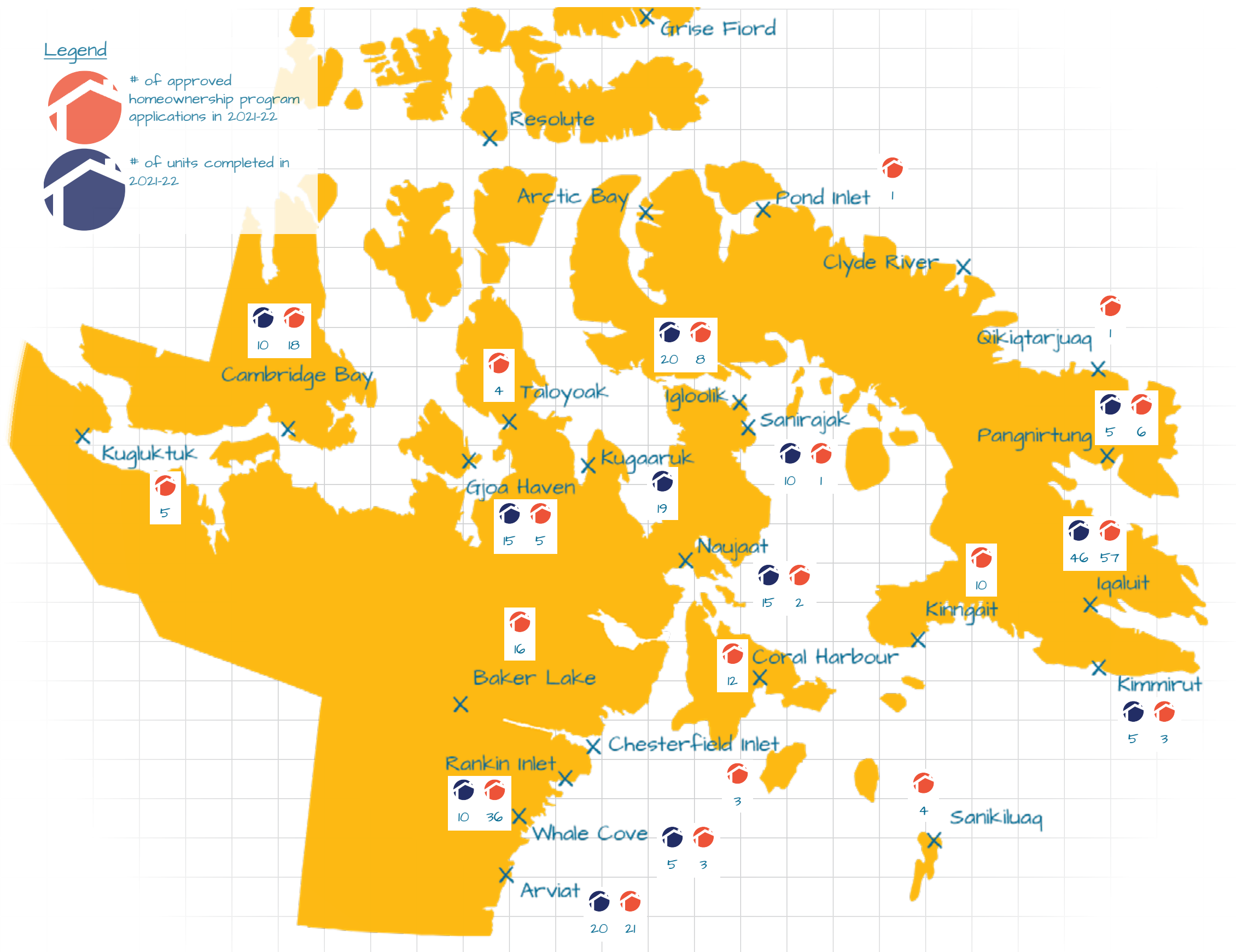
The NHC runs the Public Housing Program alongside 25 Local Housing Organizations. Each represents a Nunavut community. Together they manage 5,955 units as of March 31, 2022. They assign housing for their communities based on management agreements with NHC, informed by local knowledge and values. Their 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 1,735 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.



# 2021-2022: YEAR IN REVIEW

May 2021

Nunavut Housing awards a contract that will see Qammaq Housing Association in Sanikiluaq get a new office, warehouse and garage facility. This follows up on previous efforts to support Local Housing Organizations with much-needed infrastructure including the construction of a new office to support the Baker Lake Housing Association which was completed in 2019.

July 2021

The federal and territorial governments finalize an agreement on the Canada-Nunavut Housing Benefit. This is a joint investment of \$18 million to support more than 670 low-income households in need. The funding is intended to support vulnerable populations to help them pay their rent.

October 2021

Nunavut Arctic College students take the lead in building a new public housing unit in Rankin Inlet. This is part of an effort for Nunavut Housing to work with the college to provide educational opportunities for construction trades apprentices. This collaboration allows Nunavummiut apprentices to gain the skills and indentured hours needed to bridge the gap from graduation to employment. Apprentices will gain experience in northern residential construction and to prepare them for future construction work in Nunavut.

November 2021

The Tenant Education Program moves ahead in its development as subject matter experts and Nunavut Housing staff begin working groups in Cambridge Bay and Arviat. This was part of an effort to ensure that the educational materials supporting the curriculum answered the needs of front-line housing professionals. Among those consulted were Local Housing Organization employees, board members and housing managers.

December 2021

Renovations requested by the Department of Health at the Iqaluit Elders Centre, including cabinets, flooring and painting were completed allowing the residents to return to their home.

March 2022

Nunavut Housing successfully negotiates for federal funding through the Rapid Housing Initiative. Under this agreement, the territory invested \$30 million and the federal government invested \$45 million for a total of \$75 million for seven projects. This funding was applied to construction of 101 Public Housing units in Iqaluit, Hall Beach, Kimmirut, Nauyasat, Kugaaruk and Pond Inlet.

## 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.

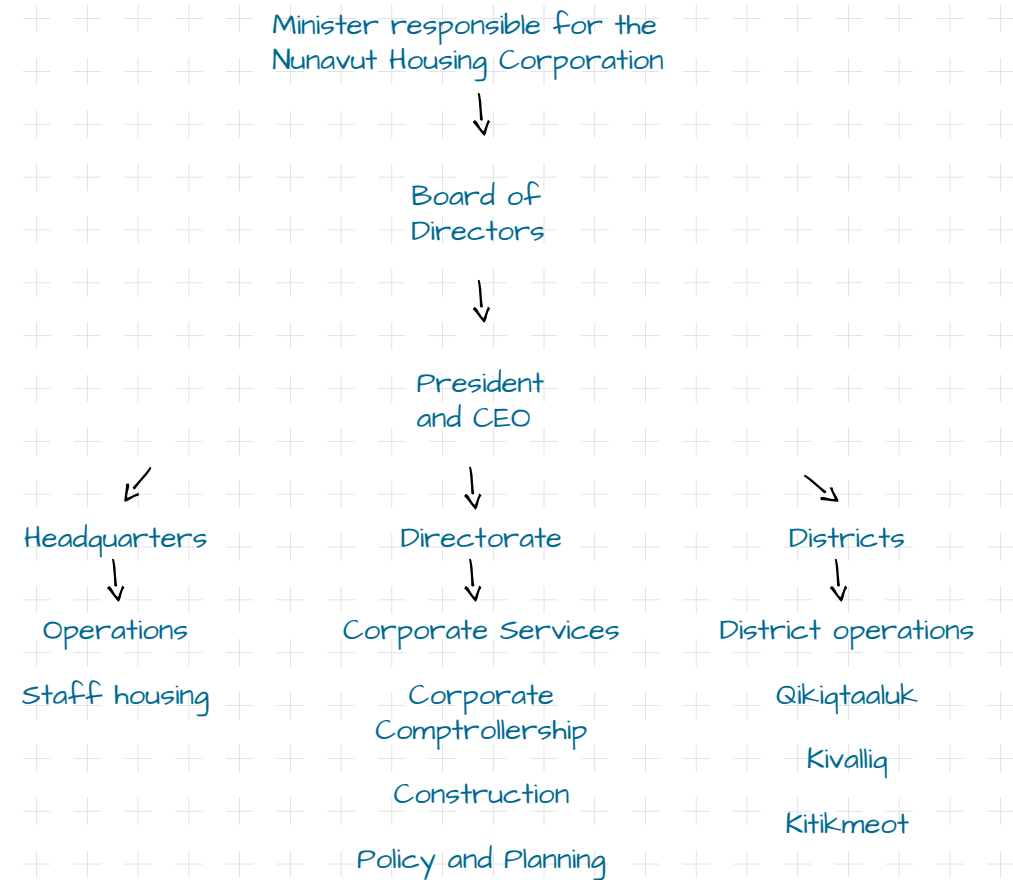
## DISTRICT OFFICES

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.

### 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. It is in several businesses sectors - industrial & civil construction, product distribution, underground mining equipment, and homes construction/sale. He is currently the 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. He was also in the sports and recreation field for many years and was the first Director of Sport for Nunavut in 1999.



# 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 2021-22, the Board held two in-person meetings, three teleconference meetings and one email meeting. In all, the Board passed the following 32 resolutions:

- 25 administrative resolutions
- Five financial resolutions
- Two 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

George Qulaut was voted Vice-Chair at the November 2021 Board meeting, with this position confirmed by the Minister for a two-year term beginning March 2022. David Evalik and Qulaut were re-appointed.

The Board undertook the following actions and approvals in fiscal year 2021-22:

- Accepted the Office of the Auditor General's report to the Audit Committee
- Approved the Rapid Housing Initiative Funding Agreement for \$44.9 million
- In accordance with section 6 of the Nunavut Housing Corporation Act and section 5.1 of the Corporation bylaws, the Board of Directors recommended to the Premier and the Minister responsible for the NHC, the appointment of Eiryn Devereaux to the position of President of NHC.
- The Audit Committee recommended that the Board approve the March 31, 2021 Financial Statements and the 2020-21 Annual Report of the Nunavut Housing Corporation.

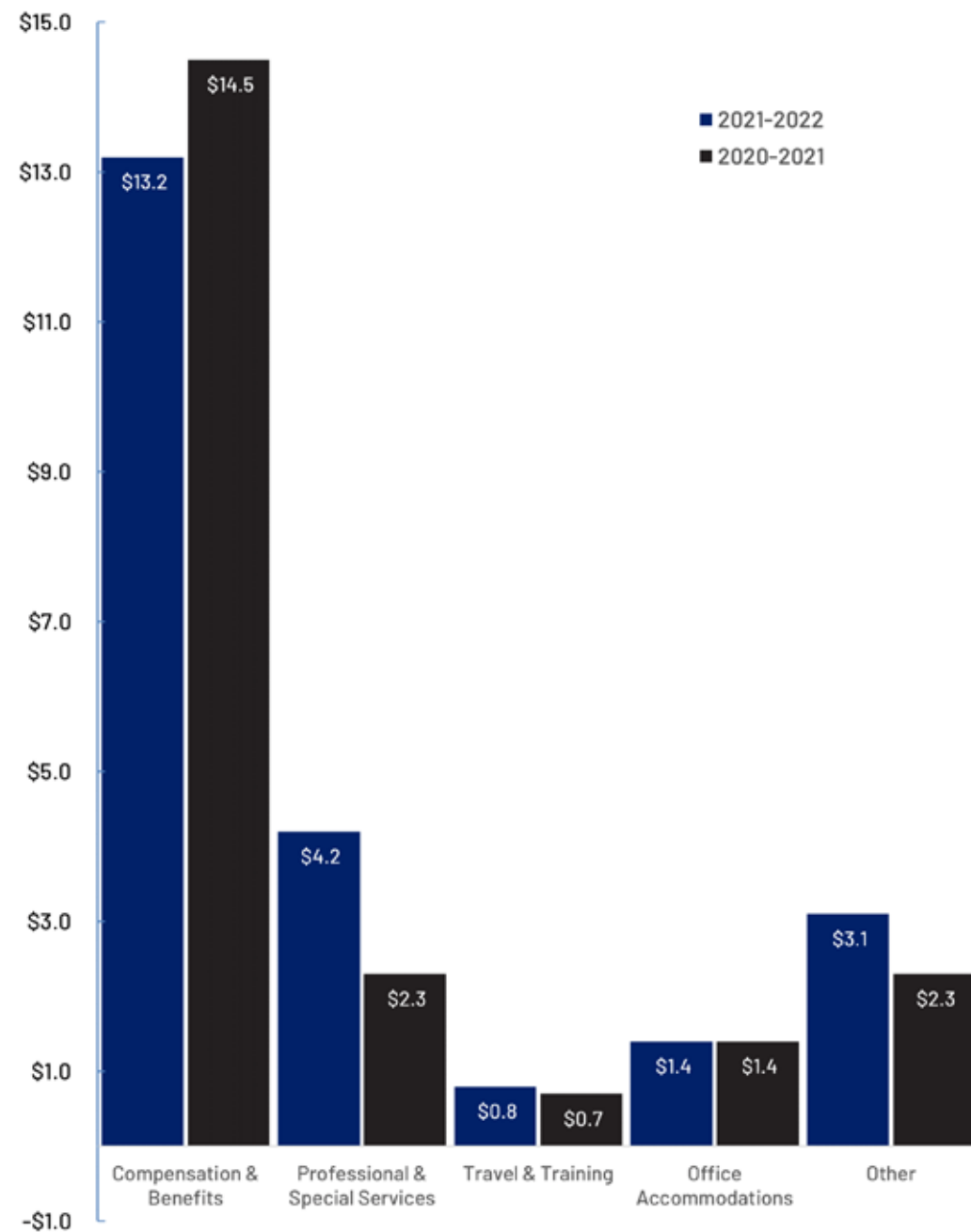
## PUBLIC HOUSING RENT COLLECTION RATES

Community	Rent Receivable (\$'000)	# of Months Outstanding	2021-22 (%)	2020-21 (%)	2019-20 (%)
Arctic Bay	\$2,396	52	70	76	71
Clyde River	\$5,050	68	52	86	51
Grise Fiord	\$276	33	82	48	64
Igloolik	\$2,827	38	66	79	68
Iqaluit	\$2,376	22	70	83	89
Kimmirut	\$772	21	74	87	64
Kinngait	\$1,772	32	95	79	88
Pangnirtung	\$2,394	35	79	86	72
Pond Inlet	\$3,715	46	89	76	63
Qikqtarjuaq	\$1,161	37	80	77	76
Resolute Bay	\$331	22	87	104	93
Sanikiluaq	\$1,304	30	74	84	82
Sanirajak	\$3,541	72	80	75	81
<b>Total Qikiqtaaluk</b>	<b>\$27,915</b>	<b>39</b>	<b>77</b>	<b>80</b>	<b>73</b>
Arviat	\$2,478	24	99	106	86
Baker Lake	\$1,926	18	108	119	94
Chesterfield	\$420	12	83	80	80
Coral Harbour	\$300	6	105	90	92
Naujaat	\$548	10	95	120	80
Rankin Inlet	\$1,939	14	106	92	86
Whale Cove	\$49	2	101	97	99
<b>Total Kivalliq</b>	<b>\$7,660</b>	<b>12</b>	<b>100</b>	<b>100</b>	<b>87</b>
Cambridge Bay	\$2,589	40	72	81	87
Gjoa Haven	\$1,912	31	104	103	82
Kugaaruk	\$877	20	94	93	84
Kugluktuk	\$1,631	32	91	83	85
Taloyoak	\$1,315	31	106	99	91
<b>Total Kitikmeot</b>	<b>\$8,324</b>	<b>31</b>	<b>93</b>	<b>92</b>	<b>86</b>
<b>Total Nunavut</b>	<b>\$43,899</b>	<b>30</b>	<b>87</b>	<b>91</b>	<b>80</b>

The collection rate decreased to 90 per cent this year from 91 per cent in 2020-21. The number of months outstanding increased to 30 months this year from 29 months in 2020-21

# ADVISORY AND ADMINISTRATION

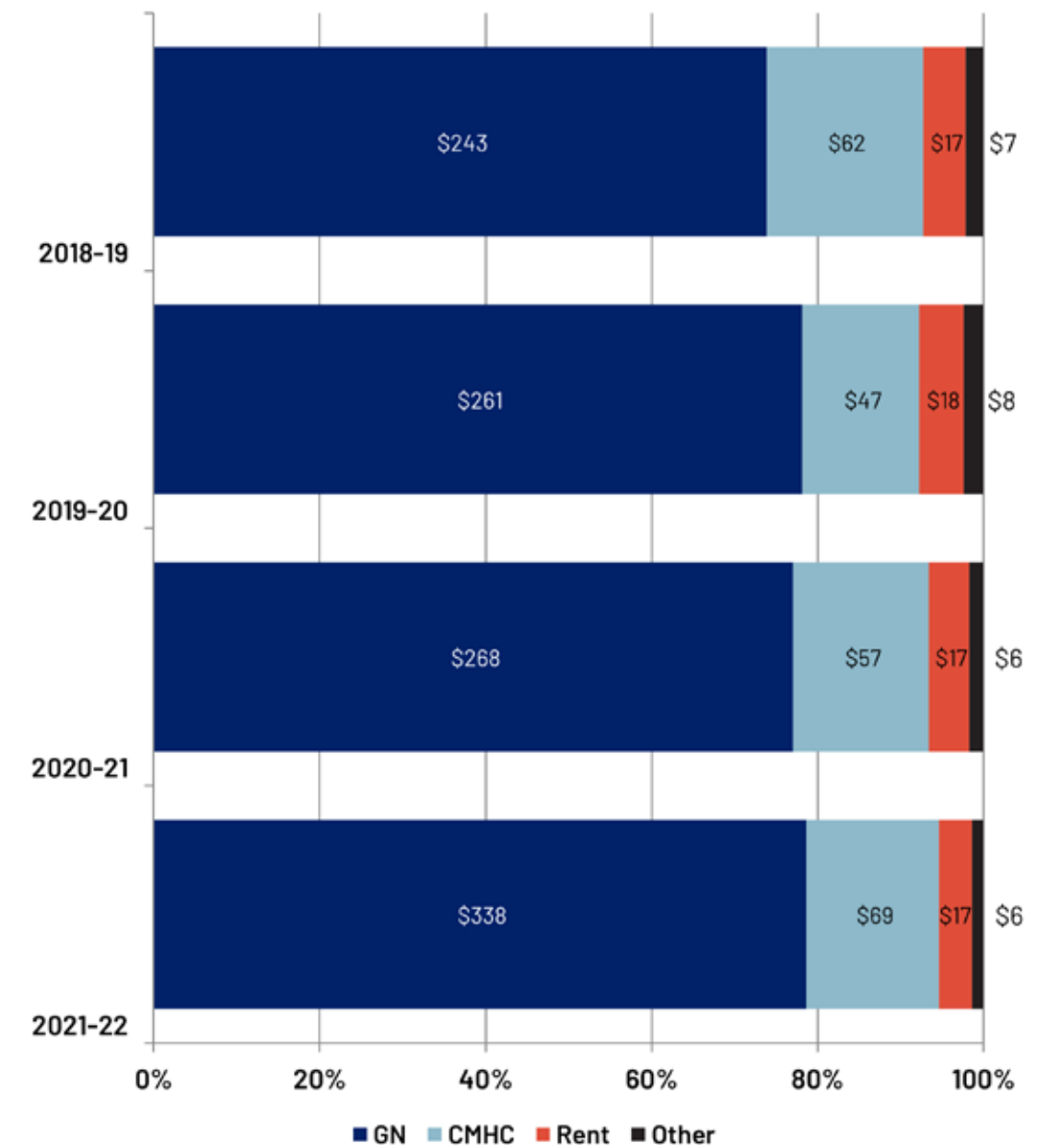
Advisory and Administration costs (not including administration related to staff housing) increased to \$22.7 million from \$21.2 million. Professional and special services expenses increased by \$1.9 million as compared to prior year.



# TOTAL REVENUES AND GOVERNMENT FUNDING

Total revenues and government funding increased to \$430 million from \$348 million. At \$407 million, transfers from the Government of Nunavut and the CMHC constitute 95 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. GN contributions have increased by 40 per cent in five years and in 2021-22 constituted 79 per cent of the Corporation's revenues. The Corporation was delegated responsibility by the GN for a \$25 million agreement with CIRNAC to address immediate short-term housing needs.

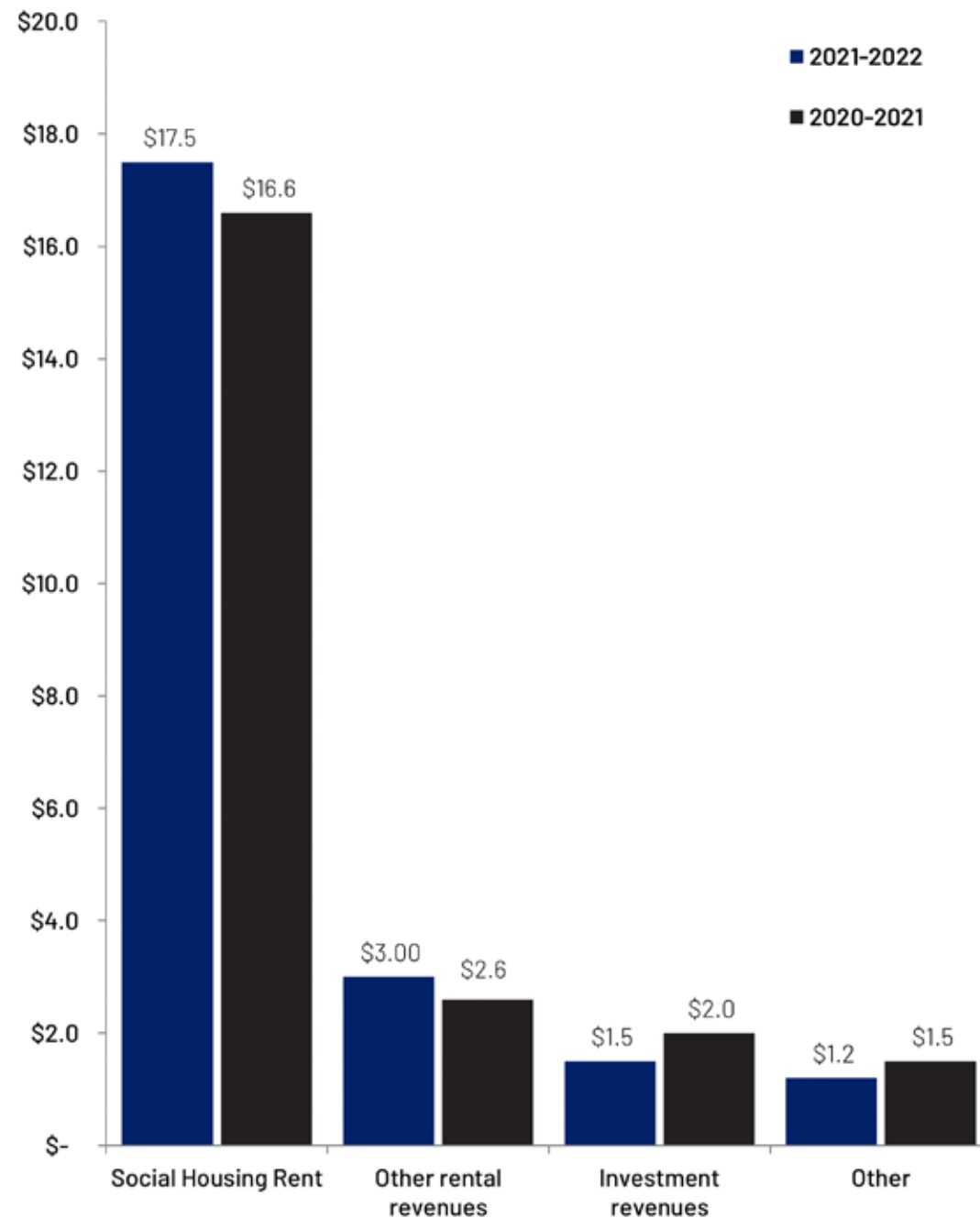
## REVENUE SOURCES (\$ MILLIONS)



Generated revenues increased to \$23.2 million from \$22.7 million. Increase is mainly due to a \$0.9 million addition in social housing rent assessments and a \$0.4 million increase in other rental revenues. Investment revenue decreased by \$0.5 million due to a decrease in portfolio investments.

The other non-government revenues decreased by \$0.3 million mainly as the result of a decrease in miscellaneous revenues and recoveries, a decrease in the gains on the sale of condominiums and the disposal of capital assets.

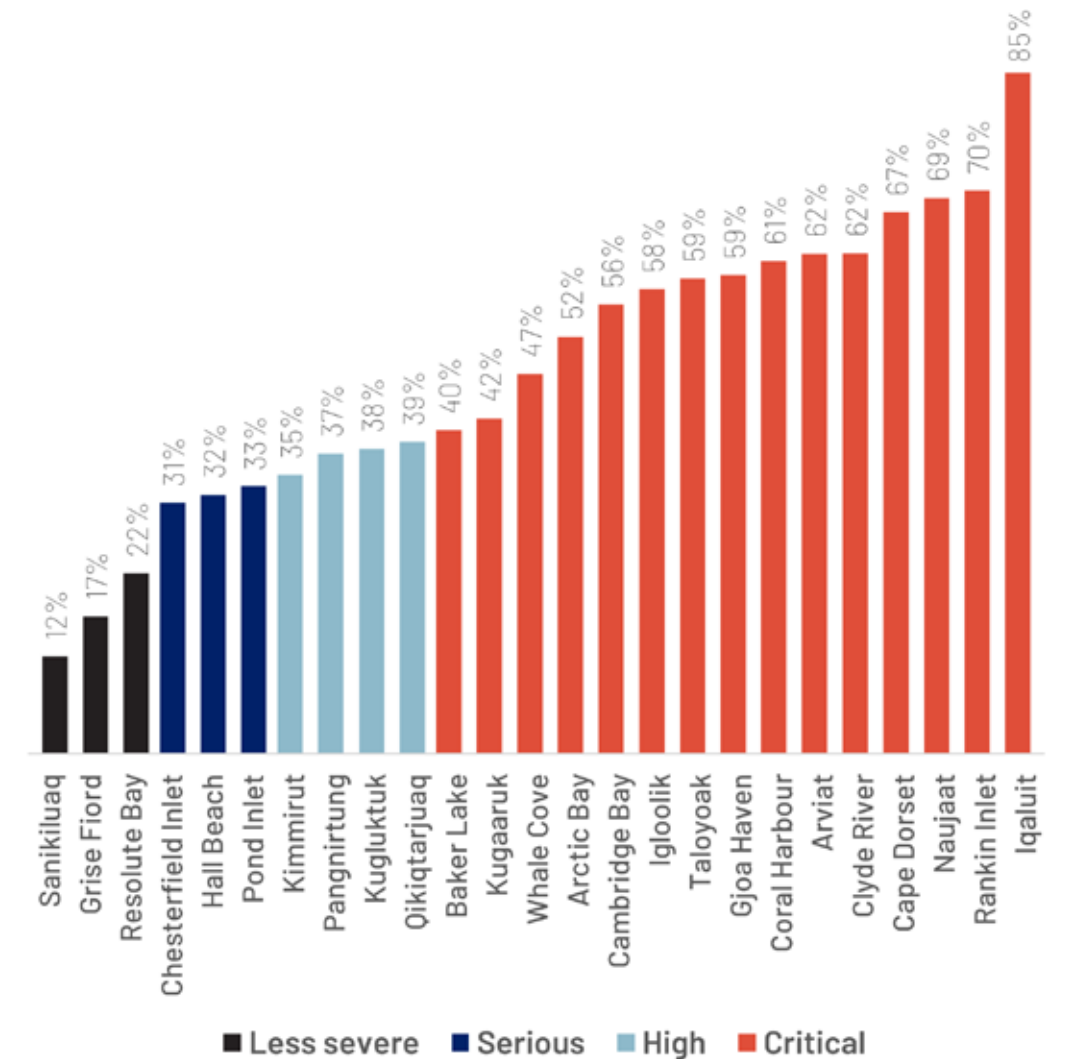
## NON-GOVERNMENT REVENUES (\$ MILLIONS)



# 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.



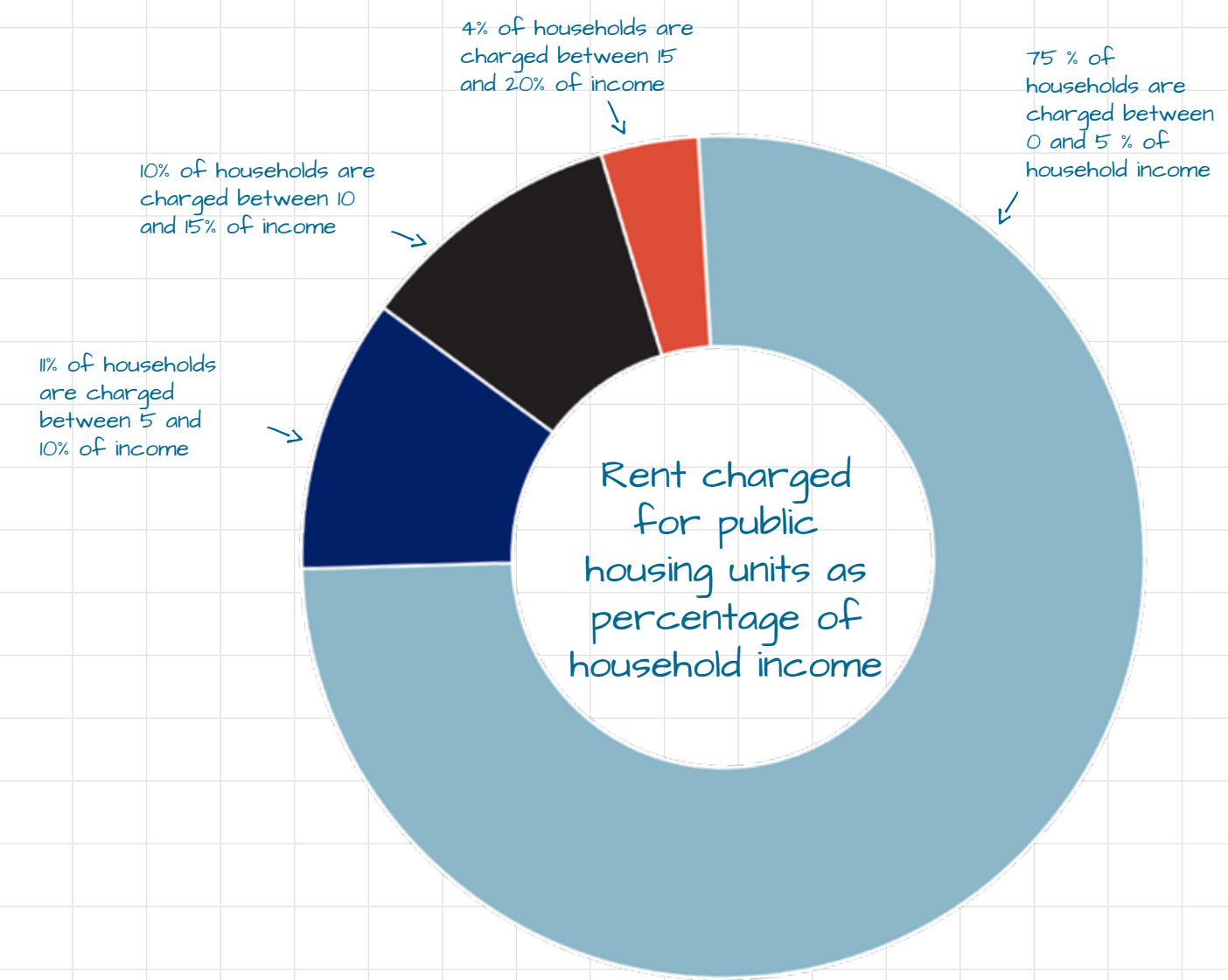
## MODERNIZATION & IMPROVEMENT

The Corporation is responsible for 5,955 units in the public housing portfolio. The Modernization and Improvement Program ensures the health, safety and suitability of these units. In 2021-22, \$8.0 million, (2020-21 - \$7.1 million) were 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 (75%) are charged less than 5% of their income.



# OPERATION AND MAINTENANCE COSTS FOR PUBLIC HOUSING

## RENT GEARED TO INCOME

In 2021-22, LHOs assessed \$17.5 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

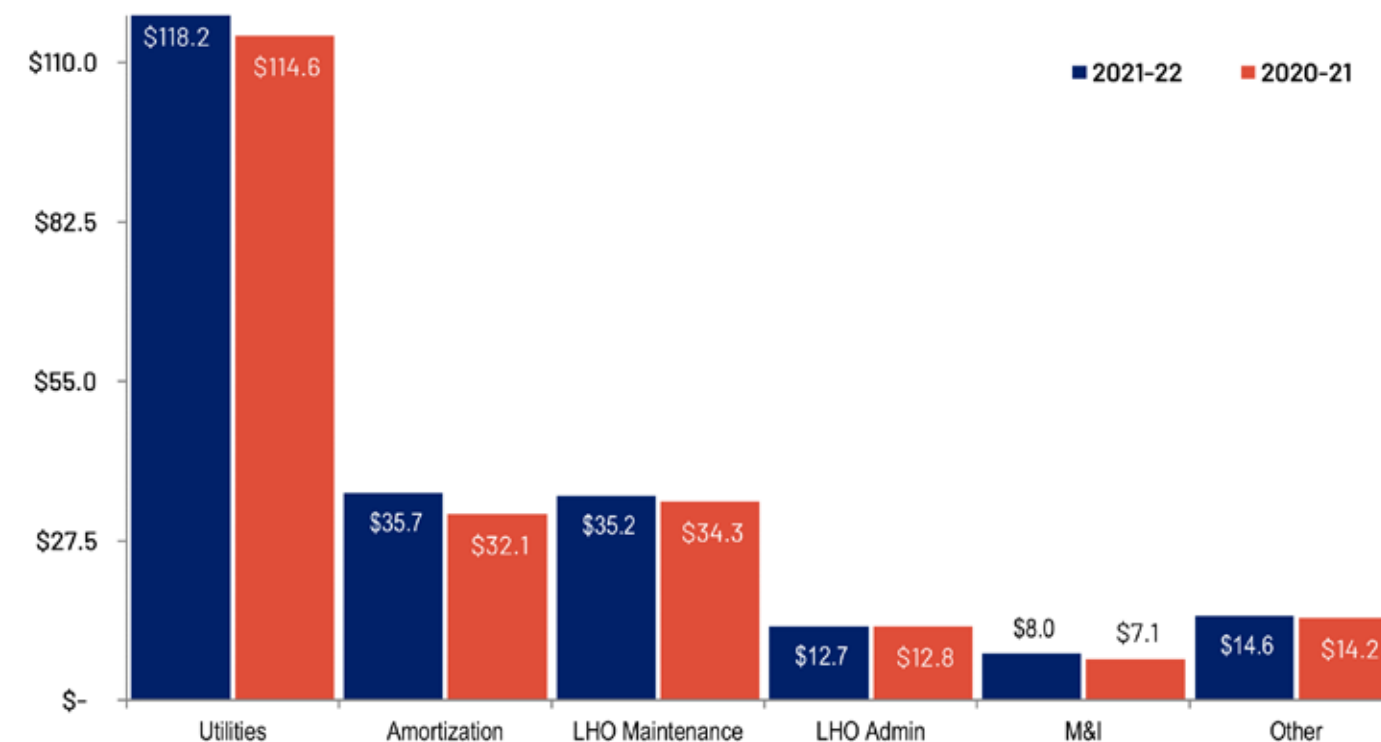
With 85 per cent of public housing tenants earning less than \$33,280 per year, the Local Housing Organizations' ability to generate revenues from rent is severely limited.

Public housing expenses increased to \$224.4 million in 2021-22 from \$215.1 million in 2020-21, an increase of \$9.9 million. This increase is primarily due to an increase in utilities expenses. The public housing stock increased by 175 units, resulting in increased utility consumption and maintenance expense.

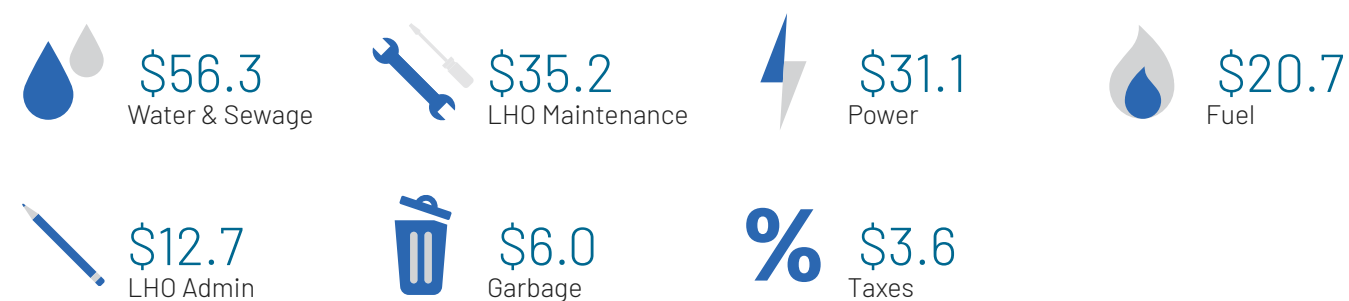
## INCOME DISTRIBUTION AMONG TENANTS



## EXPENSES (\$ MILLIONS)



## OPERATING COSTS BREAK DOWN (IN MILLIONS):



Average Cost Per Unit (in thousands)	
Water & Sewage	\$9.9
Power	\$5.4
Fuel	\$2.4
Garbage	\$1.0
Taxes	\$0.7
<b>Subtotal - Utilities</b>	<b>\$19.4</b>
LHO Admin	\$2.9
LHO Maintenance	\$6.0
<b>Sub-total LHO</b>	<b>\$8.9</b>
<b>Total</b>	<b>\$28.3</b>

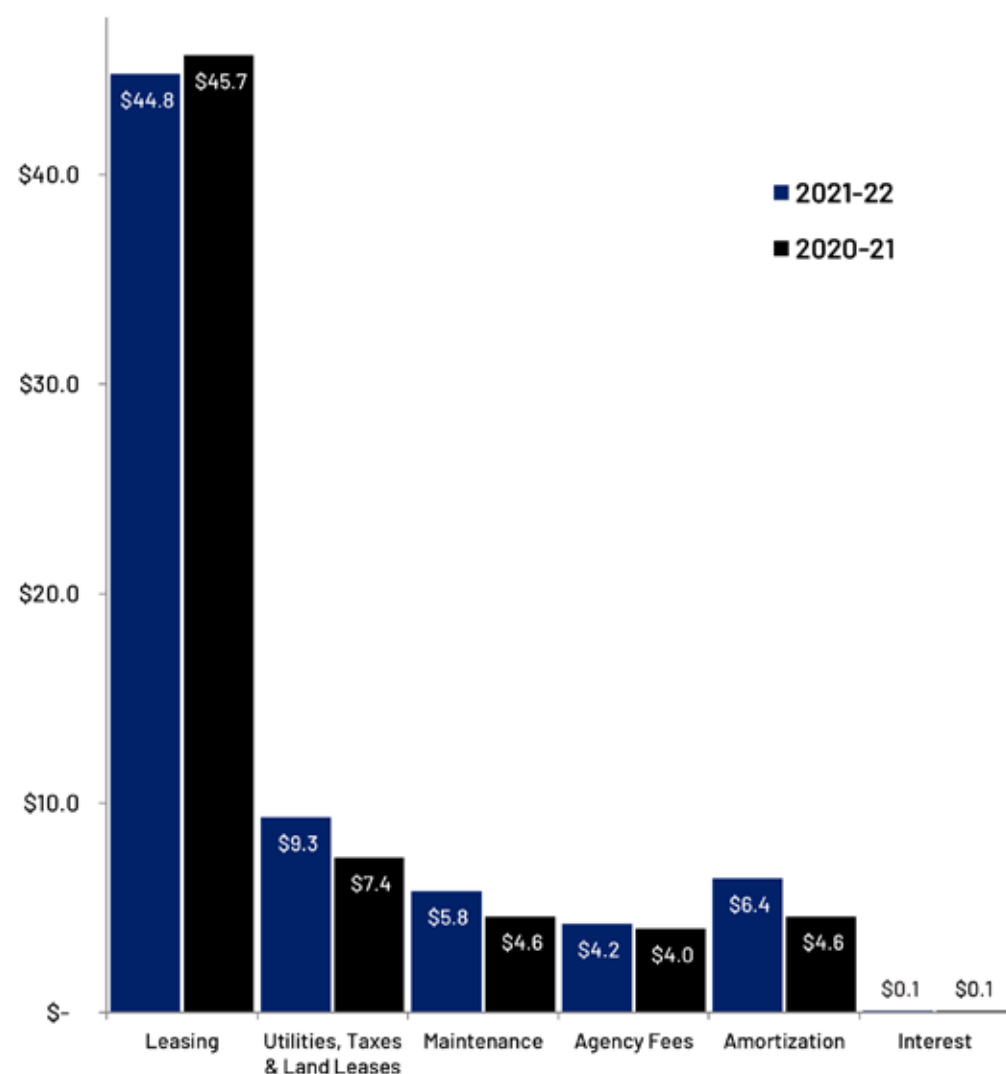
Water & Sewer costs are the largest single expense for public housing. They are greater than the cost of LHO administration & maintenance combined. The annual average administration and maintenance cost is \$8,875 per unit while water & sewer costs are \$9,863 per unit per year.

# STAFF HOUSING

The inventory of 1,735 staff housing units is administered by the Corporation. Of these, 592 are owned by the Corporation while 1,143 units are leased (66 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 \$70.6 million from \$66.4 million, an increase of \$4.2 million. This was largely driven by a \$3.4 million increase in utilities, maintenance and agency costs but was offset by a \$0.9 million decrease in leasing costs. This decrease in leasing is due to the reduction of 126 leased units. 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)
- Renewable Energy Homeowner Grant Program (REHGP)

## HOMEOWNERSHIP PROGRAM SPENDING

In 2021-22, \$4.5 million (2020-21 – \$4.1 million) was spent on Homeownership Programs. Funding for these programs came entirely from the Government of Nunavut’s capital budget.

Program	Oikiqtaaluk	Kitikmeot	Kivalliq	Total Nunavut
ERP	\$349,450	\$307,217	\$621,888	\$1,278,555
HRP	\$865,298	\$517,393	\$617,584	\$2,000,275
HOTRP	\$115,492	\$14,716	\$124,824	\$255,032
NDAP	\$470,959	\$130,508	\$195,375	\$796,842
SCHRP	\$39,567	\$16,540	\$45,075	\$101,182
SDPPMP	\$807	\$5,748	\$12,057	\$18,612
REHGP	\$66,830	-	-	\$66,830
<b>Total</b>	<b>\$1,908,403</b>	<b>\$992,122</b>	<b>\$1,616,803</b>	<b>\$4,517,328</b>

The Nunavut Downpayment Assistance Program, the Home Repair Program and the Emergency Repair programs are the most active, accounting for 91 per cent of expenditures and 71 per cent of approved applications. The Corporation approved 81 per cent (216 applications) out of a pool of 267 applications. In all, 51 applications were declined within the fiscal year.

## APPROVED HOMEOWNERSHIP APPLICATIONS BY PROGRAM:

Community	ERP	HRP	HOTRP	NDAP	SCHRP	SPDPMP	REHGP	TOP	IFP	SPDHOP	TOTAL
Arctic Bay	-	-	-	-	-	-	-	-	-	-	-
Clyde River	-	-	-	-	-	-	-	-	-	-	-
Grise Fiord	-	-	-	-	-	-	-	-	-	-	-
Igloolik	7	-	-	1	-	-	-	-	-	-	8
Iqaluit	13	5	20	11	2	1	5	-	-	-	57
Kimmirut	2	-	-	-	-	1	-	-	-	-	3
Kinngait	5	-	-	1	4	-	-	-	-	-	10
Pangnirtung	6	-	-	-	-	-	-	-	-	-	6
Pond Inlet	-	-	-	-	-	1	-	-	-	-	1
Qikiqtarjuaq	1	-	-	-	-	-	-	-	-	-	1
Resolute Bay	-	-	-	-	-	-	-	-	-	-	-
Sanikiluaq	3	-	1	-	-	-	-	-	-	-	4
Sanirajak	1	-	-	-	-	-	-	-	-	-	1
<b>Qikiqtaaluk</b>	<b>38</b>	<b>5</b>	<b>21</b>	<b>13</b>	<b>6</b>	<b>3</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91</b>
Cambridge Bay	10	2	1	1	2	2	-	-	-	-	18
Gjoa Haven	1	-	-	1	2	1	-	-	-	-	5
Kugaaruk	-	-	-	-	-	-	-	-	-	-	-
Kugluktuk	3	2	-	-	-	-	-	-	-	-	5
Taloyoak	3	-	-	-	-	1	-	-	-	-	4
<b>Kitikmeot</b>	<b>17</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>
Arviat	19	-	-	2	-	-	-	-	-	-	21
Baker Lake	12	-	1	-	1	2	-	-	-	-	16
Chesterfield Inlet	2	1	-	-	-	-	-	-	-	-	3
Coral Harbour	8	-	-	-	4	-	-	-	-	-	12
Nauyasat	1	1	-	-	-	-	-	-	-	-	2
Rankin Inlet	23	1	9	2	1	-	-	-	-	-	36
Whale Cove	3	-	-	-	-	-	-	-	-	-	3
<b>Kivalliq</b>	<b>68</b>	<b>3</b>	<b>10</b>	<b>4</b>	<b>6</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93</b>
<b>Nunavut</b>	<b>123</b>	<b>12</b>	<b>32</b>	<b>19</b>	<b>16</b>	<b>9</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216</b>

## BREAKDOWN OF APPLICATIONS BY PROGRAM:

Program	Pending at March 31, 2021	New Applications	Approved Applications	Declined Applications	Pending at March 31, 2022
ERP	181	198	123	19	234
HRP	218	71	12	18	253
HOTRP	68	50	32	5	80
NDAP	24	50	19	5	46
SCHRP	53	27	16	-	64
SPDPMP	27	17	9	3	32
TOP	-	-	-	-	-
IFP	-	-	-	-	-
SPDHOP	-	-	-	-	-
REHGP	-	6	5	1	-
<b>Total</b>	<b>571</b>	<b>419</b>	<b>216</b>	<b>51</b>	<b>709</b>

## 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 2021-22, the Corporation completed 175 public housing units in Arviat, Cambridge Bay, Gjoa Haven, Igloolik, Iqaluit, Kimmirut, Kugaaruk, Naujaat, Rankin Inlet, Sanirajak and Whale Cove. These projects were funded from the Government of Nunavut's capital budget and CMHC's Bilateral Agreement and Rapid Housing Initiative.

The Corporation made available 131 units for staffing in Arviat, Cambridge Bay, Gjoa Haven, Iqaluit, Kugluktuk and Rankin Inlet. Five units were just completed and 126 were purchased that were previously leased.

As at March 31, 2022, the Corporation had 90 public housing units and 13 staff housing under construction that were at varying levels of completion.

## HOUSING UNITS MADE AVAILABLE IN 2021-2022:

Community	Building Type	Program	# of Units
Arviat	Public Housing	5 Plex	5
Arviat	Public Housing	5 Plex	5
Arviat	Public Housing	5 Plex	5
Arviat	Public Housing	5 Plex	5
Cambridge Bay	Public Housing	5 Plex	5
Cambridge Bay	Public Housing	5 Plex	5
Gjoa Haven	Public Housing	5 Plex	5
Gjoa Haven	Public Housing	5 Plex	5
Gjoa Haven	Public Housing	5 Plex	5
Igloolik	Public Housing	5 Plex	5
Igloolik	Public Housing	5 Plex	5
Igloolik	Public Housing	5 Plex	5
Igloolik	Public Housing	5 Plex	5
Iqaluit	Public Housing	11 Plex	11
Iqaluit	Public Housing	13 Plex	13
Iqaluit	Public Housing	11 Plex	11
Iqaluit	Public Housing	11 Plex	11
Kimmirut	Public Housing	5 Plex	5
Kugaaruk	Public Housing	5 Plex	5
Kugaaruk	Public Housing	5 Plex	5
Kugaaruk	Public Housing	5 Plex	4
Kugaaruk	Public Housing	5 Plex	5

Community	Building Type	Program	# of Units
Naujaat	Public Housing	5 Plex	5
Naujaat	Public Housing	5 Plex	5
Naujaat	Public Housing	5 Plex	5
Rankin Inlet	Public Housing	5 Plex	5
Rankin Inlet	Public Housing	5 Plex	5
Sanirajak	Public Housing	5 Plex	5
Sanirajak	Public Housing	5 Plex	5
Whale Cove	Public Housing	5 Plex	5
<b>Public Housing Total</b>			<b>175</b>
Arviat	Staff Housing	5 Lots	23
Baker Lake	Staff Housing	4 Lots	20
Cambridge Bay	Staff Housing	2 Lots	10
Gjoa Haven	Staff Housing	5 Plex	5
Gjoa Haven	Staff Housing	2 Lots	10
Iqaluit	Staff Housing	6 Lots	40
Kugluktuk	Staff Housing	3 Lots	13
Rankin Inlet	Staff Housing	2 Lots	10
<b>Staff Housing Total</b>			<b>131</b>
<b>Grand Total</b>			<b>306</b>

## HOUSING CONSTRUCTION IN PROGRESS

Community	Program	Building type	# of Units	% complete
Coral Harbour	Public Housing	5 Plex	5	13%
Gjoa Haven	Public Housing	5 Plex	5	95%
Kugaaruk	Public Housing	5 Plex	5	5%
Kugaaruk	Public Housing	5 Plex	5	5%
Kugluktuk	Public Housing	5 Plex	5	98%
Naujaat	Public Housing	5 Plex	5	39%
Naujaat	Public Housing	5 Plex	5	39%
Naujaat	Public Housing	5 Plex	5	39%
Pond Inlet	Public Housing	5 Plex	5	98%
Pond Inlet	Public Housing	5 Plex	5	40%
Pond Inlet	Public Housing	5 Plex	5	29%
Pond Inlet	Public Housing	5 Plex	5	9%
Rankin Inlet	Public Housing	5 Plex	5	51%
Rankin Inlet	Public Housing	5 Plex	5	51%
Rankin Inlet	Public Housing	5 Plex	5	51%
Sanirajak	Public Housing	5 Plex	5	35%
Sanirajak	Public Housing	5 Plex	5	27%
Sanirajak	Public Housing	5 Plex	5	9%
	<b>Public Housing Total</b>		<b>90</b>	
Gjoa Haven	Staff Housing	5 Plex	5	95%
Sanikiluaq	Staff Housing	4 Plex	4	62%
Sanikiluaq	Staff Housing	4 Plex	4	18%
	<b>Staff Housing Total</b>		<b>13</b>	
	<b>Grand Total</b>		<b>103</b>	

**NUNAVUT HOUSING CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022

**NUNAVUT HOUSING CORPORATION**  
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**MARCH 31, 2022**

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**Management's Responsibility for Financial Reporting**

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

Dear Mr. Kusugak,

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 judgments 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.

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Eiryn Devereaux  
President & Chief Executive Officer

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Ji Liu, MBA, CPA, CMA  
Vice President & Chief Financial Officer

Iqaluit, Nunavut  
September 13, 2022



## 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 2022, 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 2022, 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 the first name "Michael" and last name "Robichaud" clearly distinguishable.

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

Ottawa, Canada  
13 September 2022


**NUNAVUT HOUSING CORPORATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT MARCH 31, 2022  
(in thousands of dollars)

	2022	2021
<b>Financial assets</b>		
Cash	\$ 129,391	\$ 125,108
Accounts receivable (Note 4)	64,270	38,282
Condominiums held for resale (Note 5)	4,047	4,047
Portfolio investments (Note 6)	45,112	64,911
Mortgages receivable (Note 7)	1,395	1,883
<b>Total financial assets</b>	244,215	234,231
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	71,904	62,439
Capital funding advanced (Note 9)	43,281	60,703
Long-term debt with CMHC (Note 10)	6,173	6,886
Capital lease obligations (Note 11)	713	1,172
Liability for contaminated sites (Note 12)	485	42
Employee future benefits (Note 13)	2,092	2,707
<b>Total liabilities</b>	124,648	133,949
<b>Net financial assets</b>	119,567	100,282
<b>Non-financial assets</b>		
Tangible capital assets (Note 20 and Schedule C)	864,868	777,006
Condominiums held for resale (Note 5)	7,908	7,908
Inventory for use	8,994	8,122
Prepaid expenses	89	119
<b>Total non-financial assets</b>	881,859	793,155
<b>Accumulated surplus</b>	\$ 1,001,426	\$ 893,437
Contingencies (Note 16)		
Contractual obligations (Note 17)		
Contractual rights (Note 18)		


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John Apt, CPA, CA  
Chairperson


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Eiryn Devereaux  
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, 2022**  
(in thousands of dollars)

	<u>Budget 2022</u>	<u>Actual 2022</u>	<u>Actual 2021</u>
<b>Revenues</b>			
Social housing rental revenue	\$ 19,710	\$ 17,492	\$ 16,570
Other revenue and recoveries (Schedule A)	<u>5,462</u>	<u>5,714</u>	<u>6,123</u>
<b>Total revenues</b>	<u>25,172</u>	<u>23,206</u>	<u>22,693</u>
<b>Expenses</b>			
Social housing program	220,788	224,443	215,132
Staff housing program	68,278	70,554	66,379
Corporate administration	20,653	22,686	21,193
Homeownership programs	4,616	4,517	4,141
Mould	<u>5,000</u>	<u>-</u>	<u>-</u>
<b>Total expenses (Schedule B)</b>	<u>319,335</u>	<u>322,200</u>	<u>306,845</u>
<b>Net results of operations before government funding</b>	<u>(294,163)</u>	<u>(298,994)</u>	<u>(284,152)</u>
<b>Government funding</b>			
Transfers from Government of Nunavut (Note 3)	269,510	338,352	267,839
Transfers from CMHC (Note 15)	<u>44,039</u>	<u>68,631</u>	<u>56,875</u>
<b>Total government funding</b>	<u>313,549</u>	<u>406,983</u>	<u>324,714</u>
<b>Surplus for the year</b>	19,386	107,989	40,562
<b>Accumulated surplus, opening</b>	<u>893,437</u>	<u>893,437</u>	<u>852,875</u>
<b>Accumulated surplus, closing</b>	<u>\$ 912,823</u>	<u>\$ 1,001,426</u>	<u>\$ 893,437</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, 2022**  
(in thousands of dollars)

	<u>Budget</u> 2022	<u>Actual</u> 2022	<u>Actual</u> 2021
<b>Surplus for the year</b>	\$ 19,386	\$ 107,989	\$ 40,562
Tangible capital assets (Schedule C)			
Additions	(61,700)	(129,998)	(68,128)
Amortization	40,538	42,136	36,744
Write-downs and disposals	<u>5,431</u>	<u>-</u>	<u>506</u>
	3,655	20,127	9,684
Consumption of inventory for use	5,519	6,282	6,298
Purchases of inventory for use	(5,519)	(7,154)	(6,925)
Additions to condominiums for resale	-	-	(600)
Net use of prepaid expenses	<u>-</u>	<u>30</u>	<u>34</u>
<b>Change in net financial assets</b>	3,655	19,285	8,491
<b>Net financial assets, opening</b>	<u>100,282</u>	<u>100,282</u>	<u>91,791</u>
<b>Net financial assets, closing</b>	<u><u>\$ 103,937</u></u>	<u><u>\$ 119,567</u></u>	<u><u>\$ 100,282</u></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, 2022**  
(in thousands of dollars)

	2022	2021
<b>Cash provided by / (used for) operations</b>		
Cash received from:		
Transfers from Government of Nunavut	\$ 226,928	\$ 230,893
Transfers from CMHC	16,488	18,082
Rent collections from social housing	15,448	14,716
Miscellaneous revenues and recoveries	6,665	6,813
Cash paid for:		
Homeownership grants and contributions	(4,272)	(5,114)
Administration	(22,736)	(19,580)
Staff housing	(62,783)	(63,684)
Social housing	(180,948)	(188,883)
<b>Cash used for operations</b>	<b>(5,210)</b>	<b>(6,757)</b>
<b>Cash provided by / (used for) capital activities</b>		
Transfers from Government of Nunavut	48,507	69,688
Transfers from CMHC	71,338	29,217
Proceeds from disposals of tangible capital assets	-	160
Tangible capital asset acquisitions	(129,198)	(68,514)
<b>Cash (used for) / provided by capital activities</b>	<b>(9,353)</b>	<b>30,551</b>
<b>Cash used for financing activities</b>		
Principal payments on capital lease	(459)	(431)
Principal payments on long-term debt	(713)	(682)
<b>Cash used for financing activities</b>	<b>(1,172)</b>	<b>(1,113)</b>
<b>Cash provided by / (used for) investing activities</b>		
Portfolio investments redeemed	39,750	142,659
Portfolio investments acquired	(20,000)	(84,206)
Mortgage payments received	268	333
Recovery of homeowner's assistance	-	524
Proceeds from sales of condominiums	-	750
Acquisition of condominiums for resale	-	(600)
<b>Cash provided by investing activities</b>	<b>20,018</b>	<b>59,460</b>
<b>Increase in cash</b>	4,283	82,141
<b>Cash, opening</b>	125,108	42,967
<b>Cash, closing</b>	<b>\$ 129,391</b>	<b>\$ 125,108</b>

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, 2022  
(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	Qikiqtarjuaq Housing Association
Arviat Housing Association	Rankin Inlet Housing Association
Cambridge Bay Housing Association	Repulse Bay Housing Association
Chesterfield Inlet Housing Association	Resolute Bay Housing Association
Clyde River Housing Association	Sanirajak Housing Association
Grise Fiord Housing Association	Tasiurqtit (Whale Cove) Housing Association
Igloolik Housing Association	
Kikitak (Gjoa Haven) Housing Association	Baker Lake Housing Authority
Kimmirut Housing Association	Cape Dorset Housing Authority
Kugluktuk Housing Association	Coral Harbour Housing Authority
Pangnirtung Housing Association	Iqaluit Housing Authority
Pond Inlet Housing Association	Kugaaruk Housing Authority
Qammaq (Sanikiluaq) 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, 2022  
(in thousands of dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(a) Principles of consolidation (continued)**

The Corporation has financial control over the LHOs and partners with these entities to deliver social housing, as provided under individual management agreements. The LHOs complete modernization and 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 in 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.

While the Corporation maintains staff housing infrastructure, rental revenues associated with the underlying leases are recognized by the Government of Nunavut (GN).

**(d) Cash**

Cash is comprised of bank account balances, net of outstanding cheques.

**(e) Accounts receivable**

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

**NUNAVUT HOUSING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022  
(in thousands of dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Accounts receivable (continued)**

A valuation allowance for impairment of accounts receivable is established when there is objective evidence that the Corporation will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, default or delinquency in payment and inability to locate the debtor are considered indicators that accounts receivable are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the Consolidated Statement of Operations and Accumulated Surplus as bad debt expense. When an account receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as other revenue and recoveries in the Consolidated Statement of Operations and Accumulated Surplus. Write-offs of accounts receivable are approved by the Corporation's Board of Directors if the amount is less than \$20,000, and, if the account exceeds \$20,000 by the Legislative Assembly of Nunavut.

**(f) Condominiums held for resale**

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

- i) prior to the date of the consolidated 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 consolidated financial statement date.

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.

**(g) 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. A write-down of portfolio investments to reflect a loss in value is not reversed if there is a subsequent increase in value. The new carrying value is deemed to be the new cost basis for subsequent accounting purposes and, accordingly, a subsequent increase in value is recognized in the Consolidated Statement of Operations and Accumulated Surplus only when realized. Interest income is recorded on the accrual basis.



**NUNAVUT HOUSING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022  
(in thousands of dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) 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 the Corporation 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.

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 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.

**NUNAVUT HOUSING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022  
(in thousands of dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Mortgages receivable**

**(i) Mortgages subsidies**

The Corporation, under section 44(1) of its Act, subsidized principal and interest payments due from homeowners under the legal terms and conditions of mortgages. The Corporation is no longer issuing new mortgages under this program. These subsidies varied in amount depending on the income of the mortgagees. Subsidies were expensed in the Consolidated Statement of Operations and Accumulated Surplus in the year the mortgage was approved and reported as a homeownership programs expense.

Accordingly, the mortgages receivable are measured at amortized cost, net of the mortgage subsidies previously expensed 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 recovery 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.

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.

**NUNAVUT HOUSING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022  
(in thousands of dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Mortgages receivable (continued)**

(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.

(v) 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 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.

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.

**NUNAVUT HOUSING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022  
(in thousands of dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Pension plans (continued)**

**(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 NEBS Act) and a plan text document maintained by the administrator of the NEBS Plan. Both the NEBS 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 NEBS 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 NEBS 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.

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 management's 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.

**NUNAVUT HOUSING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022  
(in thousands of dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Employee future benefits (continued)**

**(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 management's 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 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 mortgages receivables.

**(m) Related Party Transactions**

**(i) 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.

**NUNAVUT HOUSING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022  
(in thousands of dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Related Party Transactions (continued)**

**(i) Inter-entity transactions (continued)**

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.

**(ii) 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.

**(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.

**NUNAVUT HOUSING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(q) Homeownership program grants**

The Corporation, under section 44(1) of its Act, may make a homeownership 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. Grant contributions are expensed in the year the grants are both authorized and the recipient has met all eligibility criteria. Subsequent recoveries are recognized in the year the amount is recovered.

**(r) Financial instruments**

The following is a list of the Corporation's financial instruments and their related measurement bases as at March 31, 2022.

<b>Financial Assets</b>	<b>Measurement Basis</b>
Cash	Cost
Accounts receivable	Cost
Portfolio investments	Amortized cost
Mortgages receivable	Amortized Cost
<b>Financial Liabilities</b>	<b>Measurement Basis</b>
Accounts payable and accrued liabilities	Cost
Long-term debt with CMHC	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.

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

**(s) 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 D for a reconciliation of main estimates to the reported budget.

**NUNAVUT HOUSING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
MARCH 31, 2022  
(in thousands of dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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, 2022  
(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), 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.

**3. TRANSFERS FROM GOVERNMENT OF NUNAVUT**

	<u>2022</u>	<u>2021</u>
Operating and maintenance contributions	\$ 219,125	\$ 217,719
Capital contributions	87,919	44,378
Delegated CIRNAC funding	25,000	-
Pandemic related funding	4,350	3,834
Services without charge	<u>1,958</u>	<u>1,908</u>
	<u>\$ 338,352</u>	<u>\$ 267,839</u>

The Corporation receives annual appropriations for operating and capital purposes from the Government of Nunavut (GN). The Corporation was delegated responsibility by the GN for a \$25,000 agreement with CIRNAC to address immediate short-term housing needs. The funding is receivable from the Government of Nunavut at year-end. In addition, for 2021 and 2022, the GN provided pandemic related funding assistance to the Corporation for additional costs paid when its contractors needed to quarantine in accordance with Nunavut Public Health Emergency measures.

The Corporation receives services without charge from the GN that are recorded in corporate administration expenses, with a corresponding credit to transfers from GN, in the Consolidated Statement of Operations and Accumulated Surplus.

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**4. ACCOUNTS RECEIVABLE**

	2022	2021
<b>Related party accounts receivable</b>		
Government of Nunavut departments	\$ 27,862	\$ 4,102
Qulliq Energy Corporation	29	21
Petroleum Products Revolving Fund	1	1
	27,892	4,124
<b>Other</b>		
Tenant accounts receivable	43,899	41,266
CMHC	29,025	27,850
Trade and other accounts receivable	8,106	6,393
Direct financing lease receivable	139	171
	109,061	79,804
Less: Allowance for doubtful accounts (Note 14(a))	(44,791)	(41,522)
	\$ 64,270	\$ 38,282

**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 in prior years due to obstacles in establishing a condominium corporation. Thirteen of the units were sold in previous years and 16 of the units are occupied by prospective purchasers. The value of the 16 units occupied by prospective purchasers are classified as a financial asset as the Corporation anticipates completing the sales during the 2022-23 fiscal year. The value of the remaining 31 units have been classified as non-financial assets as it is uncertain when these sales will be completed.

**6. PORTFOLIO INVESTMENTS**

	Term to Maturity	2022 Carrying Value	2021 Carrying Value
Various notes, GIC's and banker's acceptances	Within 5 years	\$ 45,112	\$ 64,911

The market value of the portfolio investments at March 31, 2022, was \$43,556 (2021 - \$65,273), with an average yield in 2022 of 1.51% (2021 - 1.50%). The March 31, 2021, market value has been corrected from the amount previously disclosed in the prior year consolidated financial statements (\$89,766).

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**7. MORTGAGES RECEIVABLE**

	<u>2022</u>	<u>2021</u>
Mortgages bearing interest at rates varying between 2.00% and 11.25% (2021 - 2.00% and 11.25%) per annum, repayable over a maximum period of 25 years	\$ 8,707	\$ 8,966
Less: Subsidy by the Corporation	(4,129)	(4,129)
Allowance for impairment	(3,183)	(2,954)
	<u>\$ 1,395</u>	<u>\$ 1,883</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 \$3,999 as at March 31, 2022, (2021 - \$3,755) were expensed on the Consolidated Statement of Operations and Accumulated Surplus during the year and are reported as a homeownership programs expense.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2022</u>	<u>2021</u>
<b>Related party accounts payable and accrued liabilities</b>		
Petroleum Products Revolving Fund	\$ 15,580	\$ 10,699
Qulliq Energy Corporation	7,120	10,899
Government of Nunavut departments	6,231	5,605
	28,931	27,203
<b>Other</b>		
Trade payable and accrued liabilities	28,977	24,260
Contractor holdbacks	8,506	5,921
Accrued wages and employee benefits	4,183	3,814
Security deposits	1,199	1,121
Accrued interest payable	108	120
	<u>\$ 71,904</u>	<u>\$ 62,439</u>

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**9. CAPITAL FUNDING ADVANCED**

In 2021, the Government of Nunavut (GN) provided a supplementary appropriation to the Corporation for additional funding of \$37,800. Funding received through the supplementary appropriation was used for the purchase of housing units that were previously leased by the Corporation.

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. An amount of \$29,025 is receivable as at March 31, 2022 (2021 - \$27,830).

In 2021, CMHC entered into a Rapid Housing Initiative (RHI 1.0) Agreement with the Corporation for funding of \$4,902 over one year. In 2022, CMHC entered into a second Rapid Housing Initiative (RHI 2.0) Agreement with the Corporation for funding of \$44,907 over one year. Funding received through these agreements are targeted to rapidly house vulnerable Canadians.

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

	2022				2021	
	GN	CMHC NHS	CMHC RHI 1.0	CMHC RHI 2.0	Total	Total
Opening balance	\$ 37,800	\$ 18,288	\$ 4,615	\$ -	\$ 60,703	\$ 31,023
Capital funding advanced	-	27,820	-	44,907	72,727	70,532
Eligible expenditures	<u>(37,800)</u>	<u>(32,125)</u>	<u>(4,138)</u>	<u>(16,086)</u>	<u>(90,149)</u>	<u>(40,852)</u>
Closing balance	<u>\$ -</u>	<u>\$ 13,983</u>	<u>\$ 477</u>	<u>\$ 28,821</u>	<u>\$ 43,281</u>	<u>\$ 60,703</u>

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**10. LONG-TERM DEBT WITH CMHC**

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 is 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	2022 Net debt balance	2021 Net debt balance
Mortgages payable to CMHC (NHA section 79 debt), repayable in monthly or quarterly installments, maturing from 2029 to 2037, bearing annual interest rates from 9.5% to 19.75% (2021 - 9.5% to 19.75%).	\$ 48,300	\$ (48,300)	\$ -	\$ -
Loans payable to CMHC (NHA section 82 debt), repayable in annual installments until the year 2032, bearing annual interest of 6.97% (2021 - 6.97%). The loans are guaranteed by the Government of Nunavut.	13,606	(7,559)	6,047	6,744
Loans payable to CMHC, assumed from Inuit Non-Profit Housing Corporation in 2017, repayable in monthly installments, maturing in 2028 bearing annual interest of 10.375% (2021 - 2.12% to 10.375%).	126	-	126	142
	\$ 62,032	\$ (55,859)	\$ 6,173	\$ 6,886

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

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**10. LONG-TERM DEBT WITH CMHC (continued)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 762	\$ 441	\$ 1,203
2024	817	386	1,203
2025	875	327	1,202
2026	917	265	1,182
2027	856	199	1,055
2028 and beyond	<u>1,946</u>	<u>310</u>	<u>2,256</u>
	<u>\$ 6,173</u>	<u>\$ 1,928</u>	<u>\$ 8,101</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 \$7,185 (2021 - \$7,494) and would have made additional principal long-term debt repayments to CMHC of \$2,489 (2021 - \$3,011).

**11. CAPITAL LEASE OBLIGATIONS**

The Corporation is committed to three lease agreements (2021 - three) for housing units that support the Staff Housing Programs. These lease agreements are based on implicit interest rates varying from 4.85% to 6.70% (2021 - 4.85% to 6.70%) and have expiry dates ranging from 2023 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>
2023	\$ 426	\$ 12	\$ 26	\$ 388
2024	168	1	12	155
2025	162	-	5	157
2026	<u>13</u>	<u>-</u>	<u>-</u>	<u>13</u>
Total	<u>\$ 769</u>	<u>\$ 13</u>	<u>\$ 43</u>	<u>\$ 713</u>

Interest expense related to capital lease obligations for the year was \$54 (2021 - \$81).

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**12. LIABILITY FOR CONTAMINATED SITES**

The Corporation has identified 11 sites (2021 - 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.

**13. 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 1.02 times (2021 - 1.01 times) for existing employees and 1.00 times (2021 - 1.00 times) for new members entering into the plan on or after January 1, 2013. Total employer contributions of \$1,032 (2021 - \$1,046) were expensed in the current year.

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

	<u>2022</u>	<u>2021</u>
Employer's contribution	\$ 1,032	\$ 1,046
Employees' contribution	1,025	1,040

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

Participating members in the NEBS Plan are required to make contributions to the plan of 8% (2021 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2021 - 8%). These contributions cover current service costs and a provision for adverse deviation. Total employer contributions of \$1,192 (2021 - \$1,215) were expensed in the current year.

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

	<u>2022</u>	<u>2021</u>
Employer's contribution	\$ 1,192	\$ 1,215
Employees' contribution	1,192	1,215

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**13. EMPLOYEE FUTURE BENEFITS (continued)**

**(b) Employee future benefits**

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

	2022	2021
<b>Corporation</b>		
Resignation and retirement	\$ 483	\$ 783
Sick leave	178	377
	661	1,160
 <b>LHOs</b>		
Resignation and retirement	951	1,037
Sick leave	480	510
	1,431	1,547
 Total employee future benefits	 \$ 2,092	 \$ 2,707

The discount rate used to determine the employee future benefit liabilities is 4.00% (2021 - 2.10%) and the salary increase 3.00% (2021 - 3.00%).

**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.



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**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:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash	\$ 129,391	\$ 125,108
Accounts receivable	64,270	38,282
Portfolio investments	45,112	64,911
Mortgages receivable	<u>1,395</u>	<u>1,883</u>
Total financial assets	240,168	230,184
Loan guarantees to CMHC related to sponsor groups	<u>338</u>	<u>54</u>
Total	<u>\$ 240,506</u>	<u>\$ 230,238</u>

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

Accounts receivable consists primarily of amounts due from Government of Nunavut and CMHC, which in aggregate represent 89% (2021 - 89%) of the net 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 unless other indicators show likelihood of recovery. Any amounts subsequently received for these invoices are reflected as recoveries in the Consolidated Statement of Operations and Accumulated Surplus.

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.

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**14. FINANCIAL RISK MANAGEMENT (continued)**

Allowance for doubtful accounts:

	<u>Tenant</u>	<u>Trade &amp; Other</u>	<u>Total 2022</u>	<u>Total 2021</u>
Balance, beginning of the year	\$ 39,110	\$ 2,412	\$ 41,522	\$ 38,938
Increase in the allowance account	2,949	320	3,269	2,584
	<u>\$ 42,059</u>	<u>\$ 2,732</u>	<u>\$ 44,791</u>	<u>\$ 41,522</u>

The aging analysis of accounts receivable is as follows:

	<u>Current</u>	<u>Past due 31 - 90 days</u>	<u>Past due &gt; 90 days</u>	<u>Total 2022</u>	<u>Total 2021</u>
Tenant receivables	\$ 658	\$ 1,136	\$ 42,105	\$ 43,899	\$ 41,266
Trade and other accounts receivable	4,460	113	3,383	7,956	6,393
Direct financing lease receivable	139	-	-	139	171
Less: Allowance	-	-	(44,791)	(44,791)	(41,522)
Total tenant receivables	<u>\$ 5,257</u>	<u>\$ 1,249</u>	<u>\$ 697</u>	<u>\$ 7,203</u>	<u>\$ 6,308</u>

The above table excludes accounts receivable from related parties and CMHC. These balances are from other levels of government are not considered impaired.

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

The Corporation 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.

Mortgages receivable credit risk arises from the possibility that clients might be unable to fulfill their obligation under their mortgage contract. As the Corporation no longer issues new mortgages, credit risk is mitigated by performing regular follow-up on past due accounts. 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.

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**14. FINANCIAL RISK MANAGEMENT (continued)**

**(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.

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, 2022, is as follows (the contractual cash flows reported are undiscounted and include principal payments and finance charges):

		<u>Contractual Cash Flows</u>					
	<u>Carrying</u>	2023	2024 to	2028 to	Total	Total	
	<u>Amount</u>	<u>Estimated</u>	<u>2027</u>	<u>2038</u>	<u>2022</u>	<u>2021</u>	
Accounts payable and accrued liabilities	\$71,904	\$ 71,904	\$ -	\$ -	\$71,904	\$62,439	
Long-term debt with CMHC	6,173	1,203	4,642	2,256	8,101	6,886	
Capital lease obligations	713	426	343	-	769	1,172	
	<u>\$78,790</u>	<u>\$ 73,533</u>	<u>\$ 4,985</u>	<u>\$ 2,256</u>	<u>\$80,774</u>	<u>\$70,497</u>	

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**15. TRANSFERS FROM CMHC**

	<u>2022</u>	<u>2021</u>
Contributions for social housing including interest expense	\$ 11,191	\$ 12,100
Contributions for capital and repairs and maintenance	57,440	44,775
Total transfers from CMHC	<u>\$ 68,631</u>	<u>\$ 56,875</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 2037.

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.

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 \$338 as at March 31, 2022 (2021 - \$54).

**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.

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**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:

2023	\$ 24,430
2024	10,743
2025	1,403
2026	<u>14</u>
	<u>\$ 36,590</u>

The Corporation has contracted the construction of new buildings with an obligation of \$34,625 with expected completion dates up to May 2023.

The Corporation has committed to provide homeowners with grants related to homeownership programs with an obligation of \$4,886 with expected disbursement in the 2022-2023 fiscal year.

The Corporation has signed land leases for various lots throughout Nunavut which are for 30 years with an annual commitment of \$743 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.

<u>Contractual Rights</u>	<u>Expiry</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028 and Thereafter</u>
CMHC Social Housing Agreement	2037	\$14,569	\$14,514	\$14,397	\$13,892	\$12,760	\$ 60,860
CMHC Bilateral Agreement under 2017 National Housing Strategy	2028	31,127	30,594	30,810	31,304	32,909	34,178
GN Low Carbon Economy Fund	2024	2,801	110	-	-	-	-
GN residential property lease payments	2025	1,752	881	216	-	-	-
Interest related to portfolio investments	2027	<u>760</u>	<u>557</u>	<u>424</u>	<u>276</u>	<u>83</u>	<u>-</u>
		<u>\$51,009</u>	<u>\$46,656</u>	<u>\$45,847</u>	<u>\$45,472</u>	<u>\$45,752</u>	<u>\$ 95,038</u>

**NUNAVUT HOUSING CORPORATION**  
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**19. RELATED PARTY TRANSACTIONS**

The Corporation is related in terms of common ownership to all Government of Nunavut (GN) 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.

	2022	2021
<b>Related party revenues</b>		
Government of Nunavut departments	\$ 3,171	\$ 2,907
Qulliq Energy Corporation	30	35
	\$ 3,201	\$ 2,942
<b>Related party expenses</b>		
Qulliq Energy Corporation	\$ 32,945	\$ 33,081
Petroleum Products Revolving Fund	23,230	19,768
Government of Nunavut departments	2,718	2,505
	\$ 58,893	\$ 55,354

In addition to the above, the Corporation incurred \$216 (2021 - \$54) in expenditures with entities related to members of key management personnel.

**20. IMPAIRMENT OF TANGIBLE CAPITAL ASSETS**

In 2017 and 2018, the Corporation undertook a study of its housing assets and assessed a sample of housing units for mould damage. The results of the study has indicated varying levels of mould damage across the different communities. During 2022, mould remediation was conducted on 45 units (2021 - 28 units) across different communities. To date, the Corporation has remediated 171 units (2021 - 126 units) resulting in a cumulative impairment totalling \$2,313.

Based on the study, it is likely that additional units have mould 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 mould 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 mould remediation work is undertaken.

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**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.

COVID-19 has not had a significant impact on the Corporation to date, however its future impacts on the Corporation, our clients or our suppliers remains uncertain.

**NUNAVUT HOUSING CORPORATION**  
**CONSOLIDATED SCHEDULE OF OTHER REVENUE AND RECOVERIES**  
**FOR THE YEAR ENDED MARCH 31, 2022**  
(in thousands of dollars)

	<u>2022</u>	<u>2021</u>
<b>Other revenue and recoveries</b>		
Other rental revenues	\$ 2,979	\$ 2,581
Investment revenue	1,513	1,974
Miscellaneous revenue and recoveries	725	422
Homeowner's assistance recovery	549	524
Staff housing recoveries	125	138
Mortgage interest revenue	44	62
Gain on disposal of capital assets	-	133
Gain on sale of condominiums	-	71
(Impairment) recovery of mortgages receivable	<u>(221)</u>	<u>218</u>
<b>Total other revenue and recoveries</b>	<u>\$ 5,714</u>	<u>\$ 6,123</u>



**NUNAVUT HOUSING CORPORATION**  
**CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2022**  
(in thousands of dollars)

	<u>2022</u>	<u>2021</u>
<b>Expenses</b>		
Utilities, taxes and land leases	\$ 127,539	\$ 121,949
Leasing	52,334	53,018
Amortization	42,136	36,744
Demand and preventative maintenance - salaries	28,571	28,149
Compensation and benefits	15,174	16,391
Demand and preventative maintenance - other	12,426	10,603
LHO administration - salaries	10,887	10,990
Repairs for modernization and improvements	8,119	7,272
Homeownership grants and contributions	4,517	4,141
Professional and special services	4,172	2,283
Pandemic related expense	4,136	3,922
Bad debt	2,543	2,222
LHO administration - other	1,849	1,829
Miscellaneous	1,788	426
Agency fees	1,646	1,447
Office accommodations	1,401	1,403
Travel and training	829	712
Computer services	646	1,220
Interest on long term debt with CMHC	533	609
Communications	503	556
Materials supplies and other	248	357
Building and equipment rental	154	22
Sponsor groups	49	49
Write-downs of capital assets	-	492
Land titles and fees	-	39
<b>Total expenses</b>	<u><u>\$ 322,200</u></u>	<u><u>\$ 306,845</u></u>

**NUNAVUT HOUSING CORPORATION**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
FOR THE YEAR ENDED MARCH 31, 2022  
(in thousands of dollars)

	Social Housing	Staff Housing	Lease To Purchase	Capital Lease	Warehouses & Offices	Equipment & Leaseholds	Land	Equity Land Lease	Total 2022	Total 2021
<b>Cost</b>										
Balance, opening	\$ 1,125,685	\$ 127,132	\$ 142	\$ 5,839	\$ 30,451	\$ 5,135	\$ 327	\$ 18,611	\$ 1,313,322	\$ 1,291,642
Transfer from construction in progress	104,252	3,276	-	-	-	-	-	-	107,528	21,631
Additions <sup>1</sup>	-	37,373	-	-	-	215	-	1,503	39,091	1,455
Disposals	-	-	-	-	-	-	-	-	-	(114)
Write-downs	-	-	-	-	-	-	-	-	-	(1,292)
Balance, closing	<u>1,229,937</u>	<u>167,781</u>	<u>142</u>	<u>5,839</u>	<u>30,451</u>	<u>5,350</u>	<u>327</u>	<u>20,114</u>	<u>1,459,941</u>	<u>1,313,322</u>
<b>Accumulated Amortization</b>										
Balance, opening	\$ 550,578	\$ 45,297	\$ 103	\$ 5,204	\$ 13,556	\$ 3,363	\$ -	\$ 3,229	\$ 621,330	\$ 585,486
Amortization	33,893	6,124	2	290	845	311	-	671	42,136	36,744
Write-downs	-	-	-	-	-	-	-	-	-	(803)
Disposals	-	-	-	-	-	-	-	-	-	(97)
Balance, closing	<u>584,471</u>	<u>51,421</u>	<u>105</u>	<u>5,494</u>	<u>14,401</u>	<u>3,674</u>	<u>-</u>	<u>3,900</u>	<u>663,466</u>	<u>621,330</u>
<b>Construction in Progress</b>										
Balance, opening	81,655	2,927	-	-	432	-	-	-	85,014	39,972
Additions <sup>1</sup>	82,458	3,805	-	-	4,644	-	-	-	90,907	66,673
Transfers	<u>(104,252)</u>	<u>(3,276)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,528)</u>	<u>(21,631)</u>
Balance, closing	<u>59,861</u>	<u>3,456</u>	<u>-</u>	<u>-</u>	<u>5,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,393</u>	<u>85,014</u>
<b>Net Book Value</b>	<u>\$ 705,327</u>	<u>\$ 119,816</u>	<u>\$ 37</u>	<u>\$ 345</u>	<u>\$ 21,126</u>	<u>\$ 1,676</u>	<u>\$ 327</u>	<u>\$ 16,214</u>	<u>\$ 864,868</u>	<u>\$ 777,006</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 \$12,923 (2021 - includes an amount of \$12,123) in relation to the acquisition and construction of tangible capital assets that remain unpaid as at March 31, 2022, as well as an amount of \$nil (\$29 in 2021) 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, 2022**  
(in thousands of dollars)

**Revenues**

Social housing rental revenue		\$ 19,710
Other revenues and recoveries		<u>5,462</u>
		<u>25,172</u>

**Expenditures**

Social housing			
Approved Main Estimates	182,350		
Operating portion of capital budget	9,985		
Amortization expense	35,703		
Principal portion of debt repayment	(10,207)		
Rent assessments	<u>2,957</u>		
			220,788
Staff housing			
Approved Main Estimates	63,632		
Operating portion of capital budget	270		
Amortization expense	4,835		
Principal portion of debt repayment	<u>(459)</u>		
			68,278
Corporate administration			
Approved Main Estimates	18,753		
Government of Nunavut services without charge	<u>1,900</u>		
			20,653
Homeownership			4,616
Mould			<u>5,000</u>
Total PSAS adjusted expenditures budget			<u>319,335</u>

Net results of operations before government funding (294,163)

**Government funding**

Government of Nunavut			
Approved Main Estimates			219,125
Government of Nunavut capital budget	48,485		
Services without charge	<u>1,900</u>		
			<u>50,385</u>

Contribution from the Government of Nunavut 269,510

## Canada Mortgage and Housing Corporation (CMHC)

CMHC contribution			20,438
CMHC capital budget	33,316		
CMHC portion of debt repayment	<u>(9,715)</u>		
			<u>23,601</u>

Contribution from CMHC 44,039

Total PSAS adjusted government funding budget 313,549

**Surplus**

\$ 19,386

