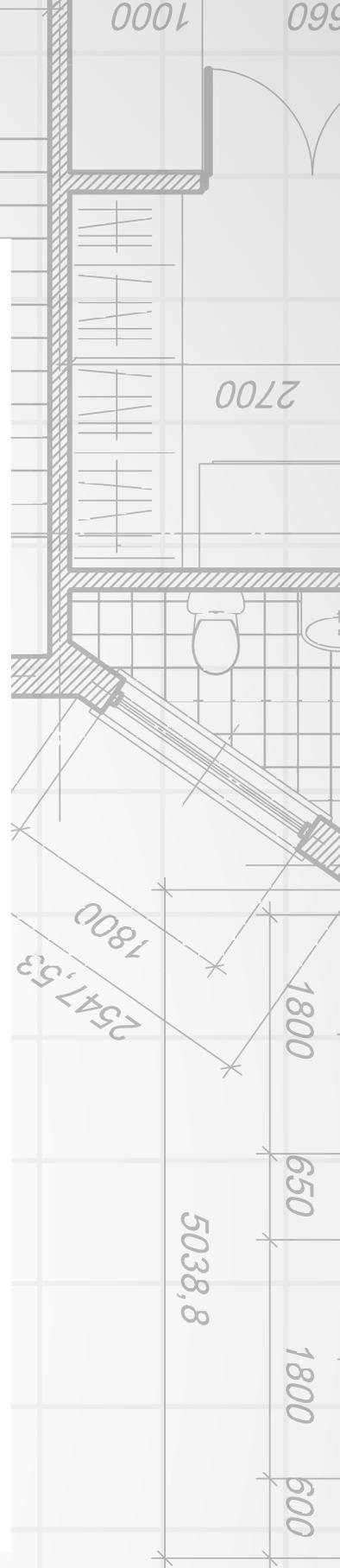


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NUNAVUT HOUSING CORPORATION

OUR MANDATE

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. We achieve this by working with our communities and supporting them as they provide 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 employees 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 public and staff housing;
- Ensuring housing services and support are provided in an equitable manner;
- Use of Inuit Qaujimajatuqangit (IQ) in 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, 2022 to March 31, 2023.

Respectfully submitted,



Honourable Lorne Kusugak
Minister responsible for the Nunavut Housing Corporation



MESSAGE FROM THE CHAIR

Nunavut's housing market is unlike anywhere else in Canada. We have some of the lowest vacancy rates in the country, making it difficult for Nunavummiut to find affordable housing in their communities. The Nunavut Housing Corporation's vision has always been to ensure families and individuals in Nunavut have access to a range of affordable housing options.

The Nunavut Housing Corporation is committed to addressing the housing crises in Nunavut. As such, in October 2022, Nunavut Housing Corporation launched Nunavut 3000 – an ambitious plan built on partnerships and renewed housing programs to incentivize the private sector with the goal of delivering deliver 3000 new units across the housing continuum over the next eight years.

Building partnerships and opportunities like Nunavut 3000 is just what our Board had envisioned. We have entered into a partnership with NCC Development Limited to build housing at a scale that will enable long term construction planning in a more affordable manner. Similarly, we have partnered with Nunavut Arctic College to help with skills trades development. We have also partnered with and provided funding to the Canadian Housing Transformation Center to help non-government organizations access housing funding and expertise.

We are committed to being accountable and transparent to Nunavummiut about housing. Together, we will fulfill the promise of Nunavut by creating new housing in all communities so that people can call it home for years to come. We're not just building units; we're building homes, we're building security, we're building stability for now and future generations.

To emphasize the immense increase in production Nunavut 3000 will bring, this plan triples the annual rate of new and affordable public housing units currently being constructed and facilitates the delivery of transitional, affordable, and market housing units.

The Nunavut Housing Corporation can't respond to the challenge alone – we have met with and are committed to continuing our work with Inuit organizations for guidance, industry stakeholders for support, and other levels of government to achieve tangible outcomes. Nunavut 3000 leverages the capacity of partners in innovative ways to develop, design, and construct housing.

In addition to implementing Nunavut 3000, the Nunavut Housing Corporation will continue to work closely and provide support to the 25 Local Housing Organizations that provide direct management of our housing inventory of 5,916 Public Housing Units and 1,728 Staff Housing Units.

The Board continues to provide oversight functions with respect to the Nunavut Housing Corporation's financial controls, audit and financial reporting responsibilities. More so, the Board will support NHC as it implements Nunavut 3000 and I am confident as we continue to work with our partners, we will achieve continued improvements in housing for Nunavummiut.

Sincerely,

John Apt

Chairperson

Nunavut Housing Corporation Board of Directors

Board of Directors

George Qulaut, Vice-Chair
Peter Tapatai

Allan Rumbolt
Patrick Tagoona

John Hussey
Emma Pauloosie



MESSAGE FROM THE MINISTER

As the Minister responsible for the Nunavut Housing Corporation (NHC), I am proud to present NHC’s achievements in 2022-23, all which demonstrate a commitment to the Government of Nunavut’s *Katujjiluta* mandate.

Increasing the number of public housing units for Nunavummiut remains a top priority for the NHC. Although the challenge of rising costs of construction in Nunavut persists, the NHC continues to look for ways to create efficiencies and improve the delivery of its programs.

This year, the NHC completed a review of public housing policies and subsidies to assess how they can support Nunavummiut to have successful transitions from public housing to affordable private market rentals and homeownership.

The NHC also undertook a review of its existing programs for homeowners to identify areas for improvement or reinvestment, which over time, can help to reduce the demand on public housing. I have no doubt this continued commitment to improvement will be reflected in the coming year’s programs.

I continue to advocate for Nunavummiut and the unique needs of our territory with the Canada Mortgage and Housing Corporation and at the federal level. There is still a critical need for stable and predictable federal funding to address gaps in our housing continuum. It’s essential our voice is heard in discussions about national funding programs to address the challenges faced in Nunavut and across the North.

A big part of addressing Nunavut’s housing challenges involves collaboration with partners and other agencies, which includes joint lobbying efforts aimed at the federal government and potential partnerships to design and deliver housing units across the territory. Through *piliriqatigiinniq*, working together for a common cause, we are stronger and more capable of reaching our shared goals of safe, secure and affordable housing for all.

This year included the launch of *Igluliuqatigiingniq*, building houses together, Nunavut 3000, a commitment to collaboration between NHC and its partners, who will work with Inuit organizations, the private sector and other levels of government to tackle Nunavut’s housing crisis.

The NHC remains committed to objectives laid out in the *Katujjiluta* mandate to steer our strategic direction, and to the targets set out in *Igluliuqatigiingniq* Nunavut 3000. Both will continue to guide our efforts and initiatives over the coming year.

I look forward to working with the NHC Board and staff in the coming year to face the challenges with the same shared vision and strength.

Sincerely,

Honourable Lorne Kusugak

Minister responsible for the Nunavut Housing Corporation



MESSAGE FROM THE PRESIDENT AND CEO

In my first year and a half as President & CEO, I am proud to report the Nunavut Housing Corporation (NHC) has made notable progress towards meeting its mounting challenges and ambitious

goals with ingenuity and diligence. Acknowledging the right of all Nunavummiut to live in appropriate, safe, and healthy homes, in October 2022, NHC launched Nunavut 3000 – a long-term plan to increase the number of housing units built in the territory by 3,000 by 2030. The total estimated cost of Nunavut 3000 is approximately \$2.57 billion, with approximately \$890 million (35 per cent) targeted to be funded by private sector investment and approximately \$1.68 billion (65 per cent) targeted to be funded by public sector resources.

More importantly, Nunavut 3000 targets new units across all four housing segments—transitional, public, affordable, and market—in response to the territory’s overall affordability challenges and market need while also providing more options for Nunavummiut. The plan triples the rate of new public housing units built each year, making a measurable difference in the lives of Nunavummiut.

Nunavut 3000 leverages the capacity of all housing sector partners and stakeholders to advance innovative approaches to develop, design, and construct housing. Nunavut 3000 also aims to build capacity within Nunavut by supporting the development of pre-apprentices, apprentices, and skilled tradespeople and improve the availability of skilled workers in the local labour force.

Working together has always been a guiding principle within NHC. Nunavut 3000 supports partnerships to build transitional, affordable, and market housing units. As such, NHC and NCC Development Limited (NCCD) signed design-build contracts for the construction of 132 new public housing units across eight (8) Nunavut communities – 20 new units in each of Arviat, Rankin Inlet, Baker Lake, Arctic Bay, Gjoa Haven, and Taloyoak, and an additional 12 units in Cambridge Bay. The total contract value (including design and site costs) of these 132 units is \$92.5 million – approximately \$600 per square foot in construction costs. An additional 18 public housing units were also approved for Iqaluit at a total contract value of \$12.6 million.

The execution of these design-build contracts reflects a significant increase in the annual supply of new public housing units desperately needed across the territory. Another guiding principle is to demonstrate value for money and realize

significant increases to supply of new units. The contract value reflects a significant reduction in construction costs relative to bids from the past two years, a signal that COVID-relative price escalations are beginning to soften.

Another exciting development within this last year is the success of the Tenant Engagement Program, whose pilot projects in Rankin Inlet in October and Iqaluit in March are paving the way for future success.

As we enter the fourth year of the National Housing Strategy, NHC reorganizes that this long-term predictable funding has allowed us to better plan for the future and is critical to addressing Nunavut’s housing crisis, we continue to see shortfall in current funding stream directed to the housing issues in Nunavut. I am committed to working with my provincial and territorial colleagues and our funding partners.

I would like to recognize the work of Nunavut’s Local Housing Organizations (LHO) in 2022-23. NHC continues to work closely with all LHOs through our Management Agreement to find greater efficiencies and improved means of support to ensure programs are delivered consistently and successfully across the territory. This includes improving financial reporting practices and maintenance.

I would like to acknowledge the commitment and dedication of NHC staff, who manage complex projects and programs with significant logistical and strategic challenges. We continue to find ways to actively address the housing needs of Nunavummiut by removing barriers to supply, reduce costing of delivery and lobbying for increased investment. 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.

Together, working with our stakeholders and partners, we will fulfill the *Katujjiluta* mandate to create new housing in all communities for people to call it home for years to come.

I am pleased to present the Nunavut Housing Corporation’s 2022-23 Annual Report and to highlight some of NHC’s accomplishments over the past year.

Sincerely,

Eiryn Devereaux

President and CEO

Nunavut Housing Corporation

HOUSING IN YOUR COMMUNITY

To administer the corporation's programs, the Nunavut Housing Corporation's (NHC) staff complement of 121 professional and administrative staff provide services that make the corporation a client-focused service delivery agency. Structured around four administrative offices, this cohesive group is further supported by a network of 25 Local Housing Organizations (LHOs) which provide a crucial link to Nunavummiut and their communities. At the national level, we work in partnership with our funding partners to advocate for the resources we need.

CORPORATE PROFILE

NHC was created in 2000 by the Nunavut Legislature through the *Nunavut Housing Corporation Act (Nunavut)*. As a public agency of the Government of Nunavut (GN), NHC 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. NHC 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, NHC 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 NHC receives.
- Carry over substantially all funds from one year to the next. This ensures that all funding designated for housing remains within NHC and can be committed to housing solutions.
- Take full stewardship of funds in the Capital and Operating and Maintenance budgets. This gives NHC full authority for the delivery of housing initiatives.

NHC's mandate is delivered in partnership with 25 LHOs in Nunavut's three regions.

DIRECTORATE AND CORPORATE HEADQUARTERS

The Directorate is responsible for managing NHC 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 Cabinet. The Directorate also ensures that programs are delivered according to NHC's funding agreements with the Canada Mortgage and Housing Corporation (CMHC).

The 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 Directorate, headquarters and district offices.

Corporate headquarters coordinates 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.

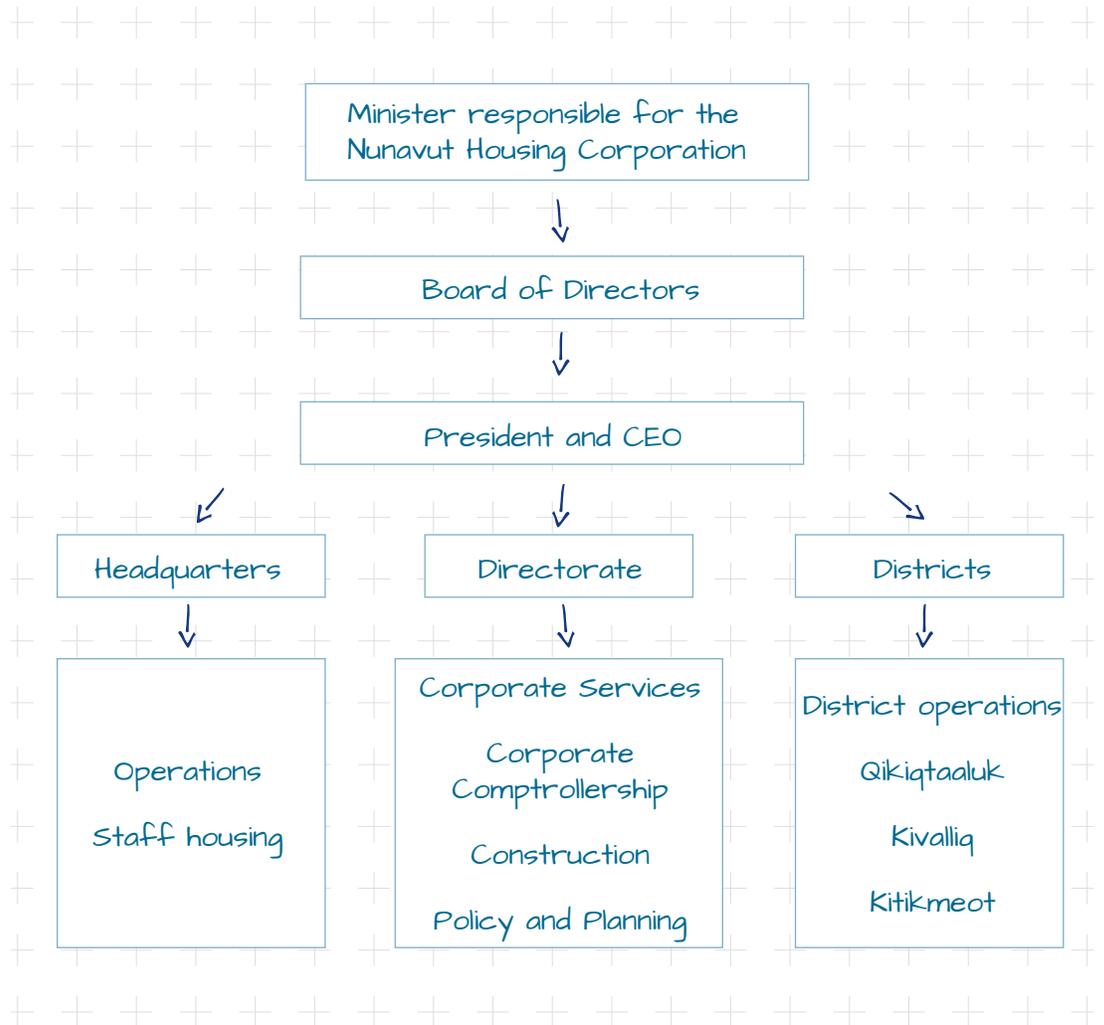
DISTRICT OFFICES

NHC'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 LHOs 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

NHC partners with LHOs at the community level. There are a total of 25 LHOs – one of each of Nunavut's communities. LHOs provide the day-to-day services associated with program delivery to individuals and families. LHOs are also responsible for managing their own housing stock in accordance with the Management Agreement with NHC.

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*.



PATHWAYS TO HOUSING ACROSS THE TERRITORY

Nunavut Housing Corporation (NHC) provides affordable housing options through three programs. They are public housing, homeownership and Government of Nunavut (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.

PUBLIC HOUSING

NHC runs the Public Housing Program alongside the 25 LHOs. Together they manage 5,916 units as of March 31, 2023. The LHOs assign housing for their respective community, informed by local knowledge and values, as well as their management agreement with NHC. Their responsibilities include rental assessments, collections, maintenance, modernization and improvements. NHC supports the LHOs by way of assistance in the areas of finance, administration, construction and repair.

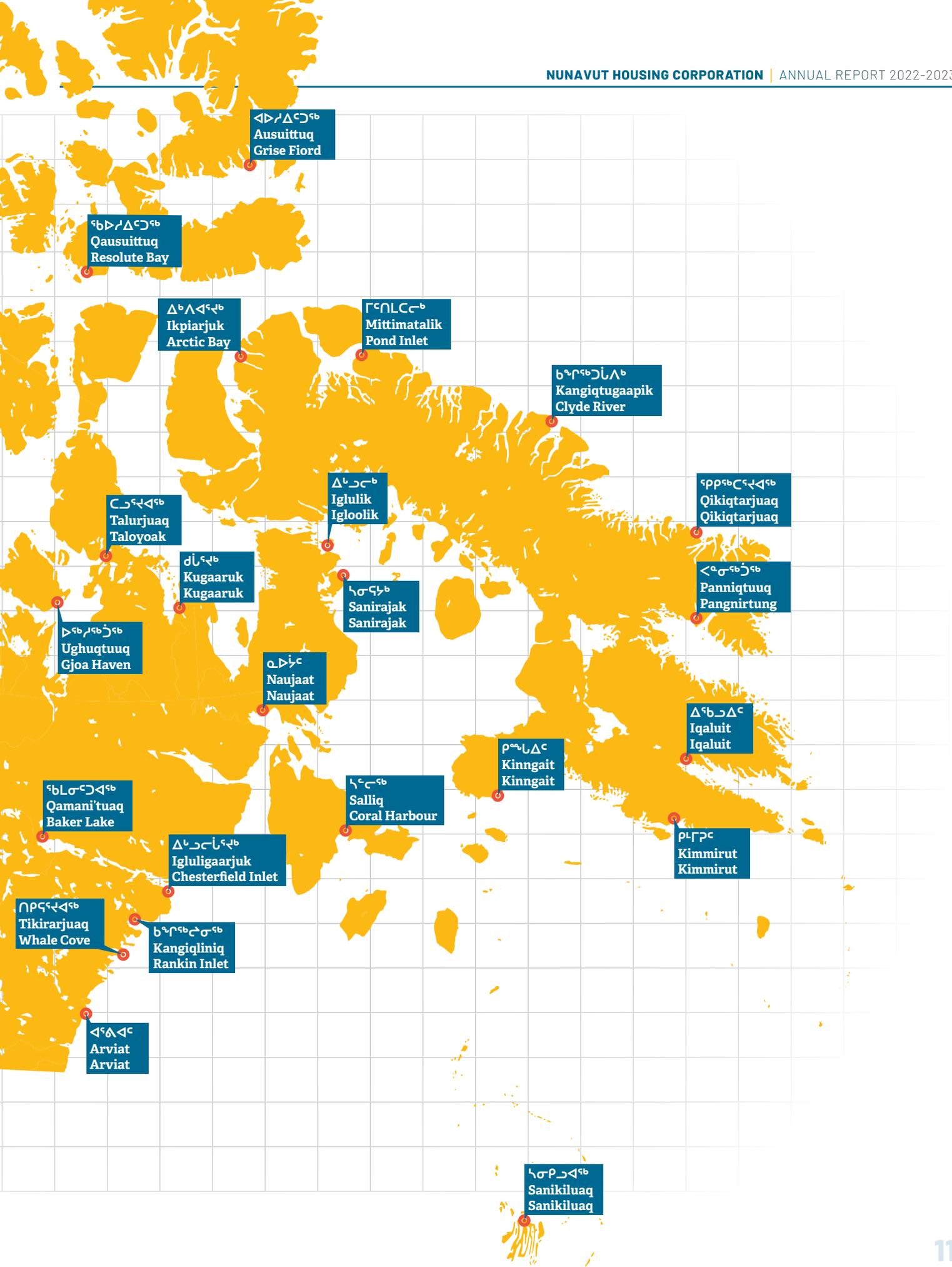
STAFF HOUSING

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 1,728 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, down payments and energy conservation. Supporting the homeownership market in the territory is an important part of NHC's core business. Each new homeowner reduces demand on public housing, alleviates overcrowding and develops the private market.







NUNAVUT HOUSING CORPORATION BOARD OF DIRECTORS

Pursuant to the *Nunavut Housing Corporation Act* (the Act), the Nunavut Housing Corporation (NHC) established a Board of Directors (the Board) 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 NHC's strategic direction and the corporate plan. It ensures that the principal risks of NHC have been identified and that appropriate systems to manage these risks have been implemented. The Board also ensures that NHC'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.

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.



GEORGE QULAUT, VICE-CHAIR

George Qulaut of Igloolik has served the Board of Directors since 2018 and currently serves as the Board's Vice Chair. 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.

Currently George acts as the Chief Negotiator for the Qikiqtani Inuit Association. He is focused on contributing in the best way possible to housing for Nunavummiut, while ensuring proper financial oversight.



JOHN HUSSEY, DIRECTOR

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

John 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 business sectors - industrial & civil construction, product distribution, and underground mining equipment. He is currently the President of the Kivalliq Chamber of Commerce and on the Rankin Inlet Hamlet Council. 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.



ALLAN RUMBOLT, DIRECTOR

Appointed to the Board in November 2022, Allan Rumbolt brings numerous years of hands-on experience working in housing at the community level. Allan has been in the North since 1987, where he spent his first eight (8) years with the North West Company in several communities. From 1995 to 2005, Allan held the position as Housing Manager in the hamlet of Sanikiluaq where he also served on Council for two (2) years. In 2008, Allan went on to be elected as MLA for Sanikiluaq, where he served three (3) terms. During his tenure as MLA, Allan chaired several committees and also served as Deputy Speaker and Speaker of the Legislative Assembly.

Allan currently lives in Sanikiluaq managing his son’s business.



EMMA PAULOOSIE, DIRECTOR

Also recently appointed to the Board in November 2022, Emma Pauloosie offers 27 years of experience as an educator in Nunavut and is currently on a two year leave of absence to expand her horizons.

Originally from Gjoa Haven, Emma is grounded in Inuit Societal values, an outcome from her parents passing on their knowledge to their children. For Emma, Inuit Societal Values are integral to decision making and her contribution to the Board. As the only female Board member, Emma also perceives her role as an opportunity to inspire other Inuit women to become more involved: to want to do better, to be better and to have hope in life.



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 NHC'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.

MEETINGS OF THE BOARD

In the fiscal year 2022-23, the Board held two (2) in-person meetings and five (5) teleconference meetings.

BOARD ACTIONS AND APPROVALS

The Board welcomed two new members, Allan Rumbolt and Emma Pauloosie, with their term commencing November 1, 2022. Existing Board members John Hussey and Peter Tapatai had their terms renewed to October 31, 2025. The Minister also accepted David Evalik's resignation from the Board of Directors.

The Board undertook the following actions and approvals in fiscal year 2022-23:

- Provided support in principle for NHC to proceed with the Nunavut 3000 strategy.
- Accepted the Office of the Auditor General's audit result report to the Audit Committee for the 2021 / 22 fiscal year and discussed continuous improvement initiatives.
- Approved the audited March 31, 2022 Financial Statements and the 2021-22 Annual Report of the Nunavut Housing Corporation.
- Approved in principle the approach and the general terms of the NCC Development Limited (NCCD) public housing contract for the fiscal year 2023/2024.
- Approved in principle and subject to required Cabinet and/or Financial Management Board approvals, the NHC to move ahead with consideration to undertake a Memorandum of Understanding (MOU) between the Government of Nunavut, NHC, Nunavut Arctic College Department of Family Services – Career Development, and NCCD for trades training for housing development, as well as, a partnership MOU between the NHC and the Canada Housing Transformation Centre to support the capacity building and development of the community housing sector (not for profits).
- The Board met with Nunavut Tunngavik Inc. to share housing initiatives.
- Approved the financial statement variances of the Main Estimates and Capital Budget for the period ending December 31, 2022.
- Approved the Public Sector Accounting Standard adjusted Budget.
- Provided support in principle for the review and update of Homeownership Programs which would enhance affordability to the housing sector.
- Approved a process (including required documentation) for varying levels of capital purchases.
- Accepted the Office of the Auditor General's Audit Plan for the 2022 / 23 fiscal year.
- Approved the appointment of Juanie Pudluk to position Associate President, NHC in Iqaluit.
- Supported NHC's Executive Committee decision to cancel the NHC Request for Proposal for Residential Multiplex Design-Build in various communities.



2022-2023 YEAR IN REVIEW

IGLULIUQATIGIINGNIQ: BUILDING HOUSES TOGETHER

In October 2022, the Nunavut Housing Corporation (NHC) in partnership with NCC Development Limited (NCCD) announced a new plan for action to help address the territory's housing challenge and address the growing needs of Nunavummiut. *Igluliuqatigiingniq: Building Houses Together*—also referred to as Nunavut 3000—is NHC's vision to support the development of 3,000 new housing units across every community in Nunavut by 2030.

The plan is ambitious and recognizes that no one group can solve Nunavut's housing challenge alone. Nunavut 3000 seeks to advance the goals outlined in the Blueprint for Action on Housing by employing new approaches to planning, partnering, procurement, and funding. NHC will deliver *Igluliuqatigiingniq* by building enduring partnerships with Inuit organizations and working with other stakeholders. Nunavut 3000 is a new approach to housing development in the territory that will build a foundation for healthy and resilient communities for generations to come.

TACKLING NUNAVUT'S HOUSING SUPPLY CHALLENGE

In Nunavut, settlement in permanent communities is a relatively new phenomenon. Many elders can still recount their childhood years travelling by dog teams, following the path of migrating animals, and setting up camp to reap the harvest from the land and water.

Today, the territory's 25 mostly coastal communities are isolated and there are often thousands of kilometres between them. With no roads connecting them, they rely on sealift and airfare to transport all their goods, materials, and labour.

The high cost of transportation in the north makes everything more expensive and the cost of building supplies like lumber and paint is among the highest in Canada. The window to ship materials is short and limited to the summer months on sealift. The need to transport skilled tradespeople to and from work sites makes construction even more challenging.

The result is that the territory's housing market has been slow to develop, leaving significant gaps in the housing continuum. More than half of Nunavummiut live in public housing and some of the lowest vacancy rates in the country makes it difficult for them to find good, affordable housing in their communities. People who need temporary and crisis shelters also lack options.

NHC manages approximately 7,644 public and staff housing units, or about two-thirds of the territory's overall housing supply of 11,720 dwellings. Approximately 60 per cent of public housing units were constructed before Nunavut became a territory in 1999.

Recognizing the situation will get worse without a new approach, NHC developed Nunavut 3000 to provide a platform to invest in housing using innovative procurement methods, developing enduring partnerships with Inuit organizations, and engaging with other housing stakeholders and developers.

NHC is redesigning its programs and introducing new incentives to support the development of affordable and transitional housing. Programs will be available to builders, homeowners, investors, and community housing providers.

The vision for all Nunavummiut to live in adequate, safe, and healthy homes will be achieved by:

- expanding the housing continuum and increasing the range of housing options available to Nunavummiut;
- reducing the social and economic costs of inadequate and unaffordable housing;
- mitigating the factors that contribute to the high cost of housing construction so that more units can be delivered for the same investment;
- increasing the proportion of Nunavut's housing stock that meets modern building codes and performance standards, including energy efficiency and climate resiliency;
- supporting the development of a stronger Nunavut-based housing supply chain; and
- developing building and construction tradesworkers among Nunavut Inuit.

LEVERAGE CAPACITY

Nunavut 3000 is a long-term plan to increase the number of housing units built in the territory by 3,000 units over the next 8 years. Through the plan, all communities in Nunavut will receive housing.

| Community Targets | New Units |
|---|--------------|
| Arctic Bay | 60 |
| Arviat | 295 |
| Baker Lake | 180 |
| Cambridge Bay | 140 |
| Chesterfield Inlet | 20 |
| Clyde River | 85 |
| Coral Harbour | 75 |
| Gjoa Haven | 110 |
| Grise Fjord | 10 |
| Igloolik | 160 |
| Iqaluit | 610 |
| Kimmitut | 15 |
| Kinngait | 85 |
| Kugaaruk | 35 |
| Kugluktuk | 75 |
| Nauyasat | 75 |
| Pangnirtung | 85 |
| Pond Inlet | 80 |
| Qikiqtarjuaq | 25 |
| Rankin Inlet | 310 |
| Resolute Bay | 15 |
| Sanikiluaq | 30 |
| Sanirajak | 25 |
| Taloyoak | 65 |
| Whale Cove | 35 |
| <i>Transitional housing units (currently unallocated)</i> | 300 |
| Total | 3,000 |

Nunavut 3000 targets new units across the four housing segments—transitional, public, affordable, and market—in response to the territory’s overall affordability challenges and market need.

The plan triples the rate of new public housing units built each year and supports partnerships to build transitional, affordable, and market housing units. Overall, Nunavut 3000 plans for the development of:

- 300 transitional beds/units
- 1,400 public housing units
- 900 affordable housing units
- 400 market housing units

Public housing will be delivered through NHC’s conventional procurement process as well as innovative partnership agreements with Inuit organizations. Transitional, affordable, and market housing will be delivered through new programs designed for not-for-profits, community organizations, and private sector companies.

Ensuring that Nunavummiut live in adequate, safe, and healthy homes is a common priority of the Government of Nunavut and its partners in housing.

ADOPTION OF NEW ACCOUNTING STANDARD

On April 1, 2022, the NHC adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations (ARO). This standard requires public sector entities to recognize liabilities for legal obligations to incur costs associated with the retirement of tangible capital assets on their acquisition, construction, development, or through their normal use and to expense those costs systematically over the life of the asset.

NHC recognized ARO relating to buildings that are owned by NHC that contain either asbestos, lead, mercury or PCBs. NHC also applied the modified retrospective application transition approach. On initial application of the standard, This included:

- a liability for any existing asset retirement obligation, adjusted for accumulated accretion to that date;
- an asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital asset;
- accumulated amortization on that capitalized cost, and
- an adjustment to the opening balance of the accumulated surplus.

These amounts were measured using information, assumptions and discount rates that were current at the beginning of the 2022-23 fiscal year. The amount recognized as an asset retirement cost was measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization were measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date of transition. When an asset retirement obligation is settled, any liability and associated asset retirement costs are removed from the statement of financial position.

STRATEGIC PARTNERSHIPS TO ENSURE SUCCESS

NHC is undertaking exciting new procurement approaches to achieve Nunavut 3000's goals for housing and support the development of a stronger local supply chain to help ensure sustainability into the future.

While NHC will continue to engage the market through standard design-build and design-bid-build delivery models, Nunavut 3000 as an opportunity to build enduring partnerships with Inuit organizations through negotiated design-build contracts.

NCC Development Limited

One of the most significant pillars of Nunavut 3000 realized during fiscal year 2022-23 is the Partnership Agreement between Nunavut Housing Corporation and NCC Development Limited (NCCD) for the delivery of up to 2,000 units over the next 10 years—two-thirds of the overall Nunavut 3000 target.

NCCD is a large developer of commercial and residential properties and is 100% owned by Inuit, via the three Regional Inuit Associations (RIAs) development corporations, along with Nunasi Corporation.

This transformational engagement will result in significant investment and allow benefits to flow to the three RIAs who represent all Inuit across Nunavut and have controlling interest in NCCD.

The 10-year Partnership Agreement provides certainty in pursuing larger volumes, integrating resources, and applying best practices.

The Partnership Agreement outlines the values and goals shared by partners including developing Inuit workforce capacity and providing Inuit with opportunities for meaningful employment and careers in the housing construction and maintenance sector.



TRAINING AND EMPLOYMENT

Construction is a significant industry in Nunavut and the territory’s construction employers rely on skilled workers from southern Canada to supplement the local labour supply. Job opportunities are available for general labourers, trades helpers, Red Seal carpenters, electricians, plumbers, etc.

Flying workers to and from Nunavut is expensive. Providing employment readiness and construction trades training in communities to help develop local labour capacity and build a sustainable housing construction labour force is a key goal of Nunavut 3000 and a significant element of the Partnership Agreement between NHC and NCCD.

To support this training strategy, a Memorandum of Understanding (MOU) was developed to help guide NHC’s collaboration with NCCD as well as training partners such as the Department of Family Services (Apprenticeship Division) and Nunavut Arctic College (Trades School).

The objectives of the MOU are to:

- maximize training investments
- align curriculum and training resource development
- support recruitment efforts, and
- foster the development of a local labour supply

In 2023–2024, Nunavut 3000 will result in up to 80 training opportunities in the communities where new public housing building is taking place.

The goal is to align local training capacity to construction opportunities and provide a range of training opportunities to meet individual learner needs, including skills and competencies for entry into construction jobs as well as support individuals to advance their careers in construction.

Nunavut 3000 will support the development of pre-apprentices, apprentices, and skilled tradespeople and improve the availability of skilled workers in the local labour force.

With the country’s expected labour shortage in the skilled trades due to Canada’s ageing population, recruiting from the south will become more difficult as the territory competes with other jurisdictions for skilled labour.

To grow the local construction labour force in Nunavut, the territory’s construction trades training system stands ready to enhance the skills of Nunavummiut so that more of them can benefit from employment in the trades.

The government is updating its approach to developing and certifying skilled workers and apprenticeships. This includes tutoring supports, literacy and numeracy training, and introducing practice-based credentials.



TRANSITIONAL AND AFFORDABLE HOUSING GOALS

In Nunavut, the community housing sector lacks capacity, and the transitional workforce makes it difficult to attract volunteers for not-for-profit organizations that are vital for supporting purpose-built housing, such as shelters.

Community housing is owned and operated by non-profit housing corporations and/or housing co-operatives and/or land trusts.

To ensure this vital aspect of the housing continuum is addressed, Nunavut 3000 includes the implementation of an annual Nunavut Housing Supply Challenge. Each year, NHC will issue a Request for Expressions of Interest (RFEOI) to provide housing stakeholders an opportunity to share their ideas for addressing Nunavut's housing challenges. NHC recently closed the Expression of Interest in March 2023 and received approximately 30 proposals from interested stakeholders.

Through this process, community groups and housing stakeholders that may not have the resources or experience to pursue ideas or projects on their own were invited to submit ideas for affordable and transitional housing projects. In some instances, proposals may develop into project specific partnerships or project co-investments may be considered.

WORKING TOGETHER TO FULFILL THE PROMISE OF NUNAVUT

NHC can't respond to the housing challenge alone. Partnerships, shared investment, and collective responsibility are key to meeting the housing needs of Nunavummiut.

In the *Katujjiluta* mandate, the Government of Nunavut committed to working collaboratively with Inuit organizations, industry stakeholders, and with other levels of government to achieve tangible outcomes. Nunavut 3000 supports this by leveraging the capacity of partners in innovative ways to develop, design, and construct housing.

By taking a new approach, NHC will help develop new housing in every community and expand the housing continuum across the territory. Nunavut 3000 lays a new foundation for healthy and resilient communities where all Nunavummiut can prosper and where youth can grow to become the territory's next generation of community builders.

For more information, please visit www.nunavuthousing.ca.



ATUQTUATSIARNIQ IGLULIRIJKKUTNIT, TENANT EDUCATION PROGRAM

Created collaboratively to empower Nunavut public housing tenants with the tools needed to maintain successful tenancies, this community-led, non-formal workshop highlights the success found in meaningful solutions that are truly rooted in Inuit Qaujimagatuqangit and are purposefully built by Nunavummiut, for Nunavummiut.



HISTORY

In the Government of Nunavut’s *Blueprint for Action on Housing*, one priority identified to support Nunavummiut in having a greater understanding of budgeting, saving and personal finances was the development of a user-friendly tenant education toolkit.

Atuqtuatsiarniq Iglulirijikkutnit, the Tenant Education Program, is a workshop that promotes the importance of public housing tenancy and its connection to family and community well-being. This workshop was developed to respond to the need for user-friendly tenant education to empower individuals and families to find and maintain their housing, have a meaningful and successful tenancy and prevent housing instability and homelessness.



The workshop was created by Illitagsiniq and Rent Smart Education and Support Society under the direction of the Nunavut Housing Corporation (NHC) and the project advisory committee. This committee included staff from the Qikiqtani Inuit Association, Nunavut Tunngavik Incorporated, the

Department of Family Services, and NHC. The workshop has additionally been reviewed by working groups that included NHC employees, project coordinators, public housing tenants and community organizers.

Initial meetings for this project began in 2019 and work persisted over the following years despite challenges such as the COVID-19 pandemic. A first draft of the workshop was presented to working groups in late 2021. Due to logistical issues caused by weather and flight cancellations, feedback was not collected from the Iqaluit working group, but groups in Cambridge Bay and Arviat were successful in providing their feedback on the workshop model and its content.

Atuqtuatsiarniq Iglulirijikkutnit was piloted in October 2022 in Rankin Inlet with a group of 13 participants, and again in Iqaluit in March 2023 with 10 participants. Reception to both workshops has been highly positive, with participants saying: “The program gave me more confidence to tell housing what I need”, “I thought this workshop would be boring – but it was so fun, interesting and important”, and “I would tell my family and friends to take this program – we learned a lot!”

“I would tell my family and friends to take this program – we learned a lot!”

ABOUT THE PROGRAM

Atuqtuatsiarniq Iglulirijikkutnit, the Tenant Education Program, is a voluntary non-formal workshop for current and potential public housing tenants in Nunavut. The workshop takes place over a week, is trauma-informed and accessible for adult learners, and as it expands, will be offered in communities in each region, across Nunavut.

Participant groups are kept small, between 7-15 people, to keep the space a safe and welcoming environment, to encourage group participation and to ensure that sessions can be kept adaptable based on participants' needs and abilities.

This workshop is grounded in Inuit Qaujimagatuqangit, embracing storytelling and Elders' knowledge, development of skills through observation and practice, and working together toward common goals. Facilitators also use a variety of teaching methods, including icebreakers, personal reflection, storytelling, group discussions and activities, to respect different ways of knowing and learning.

Community capacity building is a core aspect of this program. This workshop helps participants develop practical skills (such as communication, financial literacy, and how to take care of a home) to foster a sense of autonomy and empowerment toward their tenancies.

Over time, the program is expected to have further reach on community members by eventually implementing a train-the-trainer model. Training sessions will be organized to educate community members interested in becoming workshop facilitators, providing them the tools needed to guide these workshops in their own communities.

The workshop includes approximately 22 hours of instruction spanning eight modules, whose main objectives are:

- To provide an understanding and history of public housing in Nunavut.
- To identify the roles and responsibilities of tenants, LHOs and NHC.
- To connect the well-being of public housing to the well-being of families and communities, especially future generations within the context of Inuit Qaujimagatuqangit.
- To determine successful communication processes and strategies for resolving common issues of conflict among tenants and LHOs/TROs and NHC.
- To examine ways to prevent/address repairs and maintenance in a timely manner.
- To share strategies for paying rent and submitting it on time.

LOOKING AHEAD

Following the success of the pilot projects led by Illitaqsiq staff, further training is expected to take place through the fall of 2023 to future workshop facilitators, allowing for workshops across all regions on a more consistent basis.

Overall, *Atuqtuatsiarniq Iglulirijikkutnit*, the Tenant Education Program, has been a positive and successful example of a locally grounded solution to some of the housing challenges faced in Nunavut. All parties involved are eager for further training and workshops to continue in order to empower tenants with the information they need to have successful tenancies, which in turn, help to build strong families and communities.



CAPITAL ASSETS

WRITE-OFF/WRITE DOWN OF TANGIBLE CAPITAL ASSETS

Section 84 of the *Financial Administration Act* requires public agencies to include in the annual report, any asset, debt, or obligation exceeding \$500 that was written-off during the financial year.

Nunavut Housing Corporation (NHC) is required to remove the cost from public accounts for any asset that no longer can provide any economic benefit to the Government.

Under section 82 of the *Financial Administration Act*, a public agency such as the NHC has the authority write-off/write down the value of assets up to \$20,000. Any write-off/write down request above \$20,000 require the express authority of an Act through the Legislative Assembly.

During 2022-23 with the approval the Legislative Assembly, the corporation wrote-offs/wrote down tangible capital assets with a net book vale of \$1.5 million.

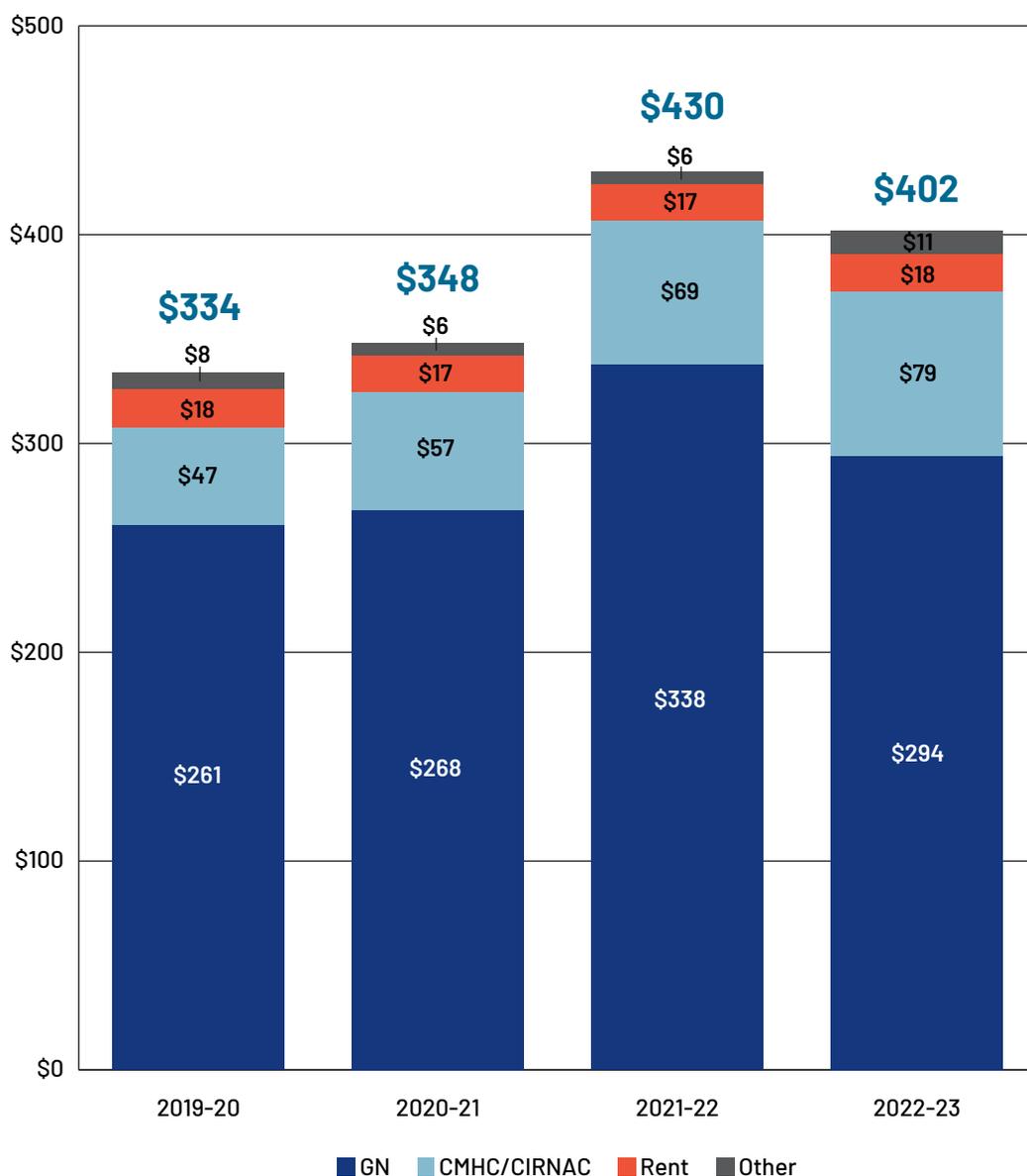
| Nº of Public Housing Units | Reason for Write-Off/Write Down | Amount (\$'000) |
|----------------------------|---------------------------------------|-----------------|
| 9 | Deemed beyond repair and demolished | \$205 |
| 5 | Burnt and demolished | 433 |
| 10 | Burnt and requires repair | 590 |
| 45 | Mold damaged and requires remediation | 273 |
| Total | | \$1,501 |



TOTAL REVENUE AND GOVERNMENT FUNDING

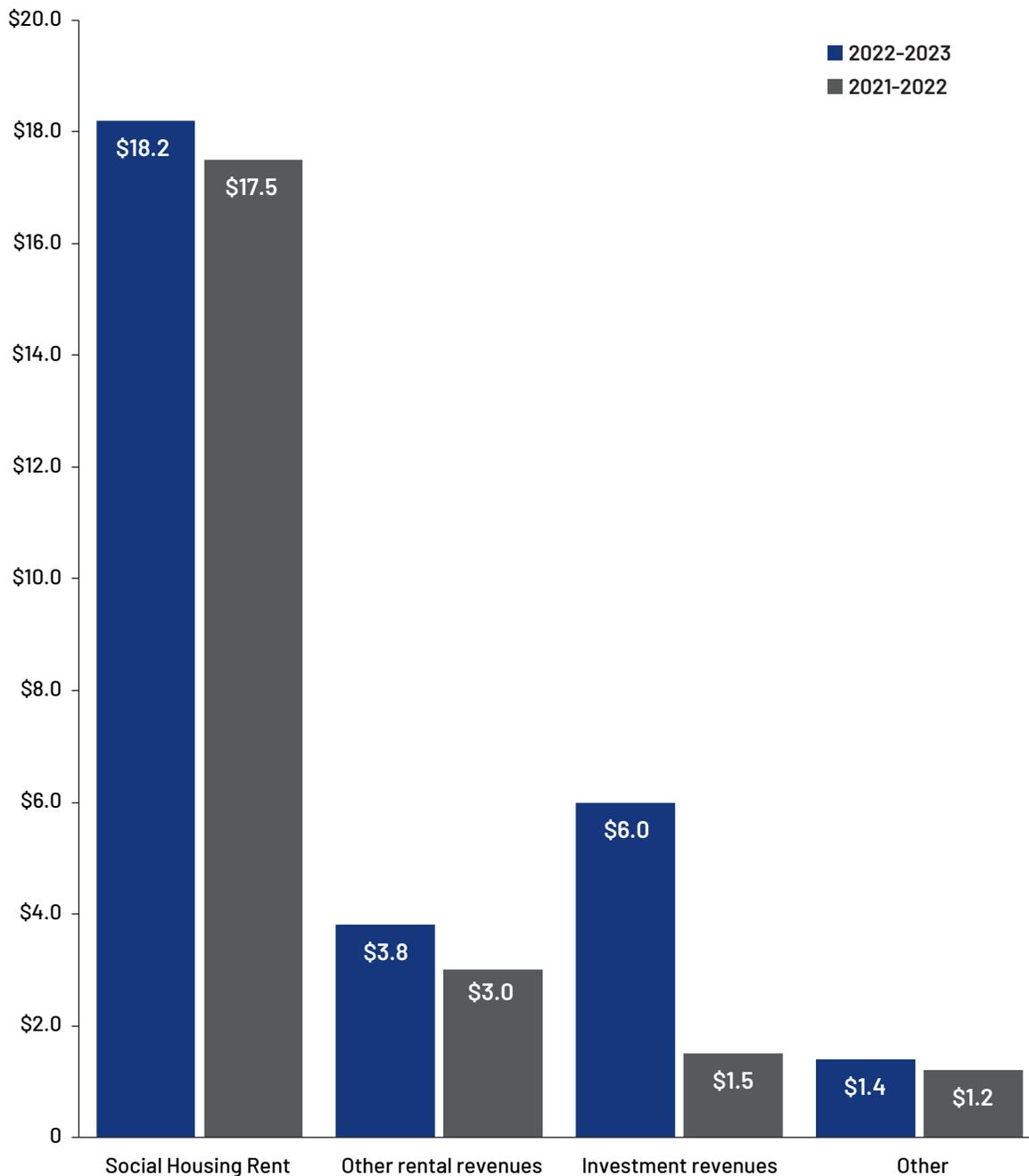
Total revenues decreased to \$402 million from \$430 million. At \$373 million, transfers from the Government of Nunavut (GN) and the Government of Canada constitute 93 per cent of NHC's total revenues. Government of Canada transfers are fundings from CMHC and CIRNAC. CMHC revenues are in respect of capital contributions as well as operating revenues through the Social Housing Agreement. CIRNAC revenues are in respect to infrastructure fundings. GN contributions have increased by 21 per cent in five years and in 2022-23 constituted 73 per cent of NHC's revenues.

REVENUE SOURCES (\$ MILLIONS)



Generated revenues increased to \$29.4 million from \$23.2 million. This increase is mainly due to a \$0.7 million addition in social housing rent assessments and a \$0.8 million increase in other rental revenues. Investment revenue increased by \$4.5 million due to an increase in portfolio investments.

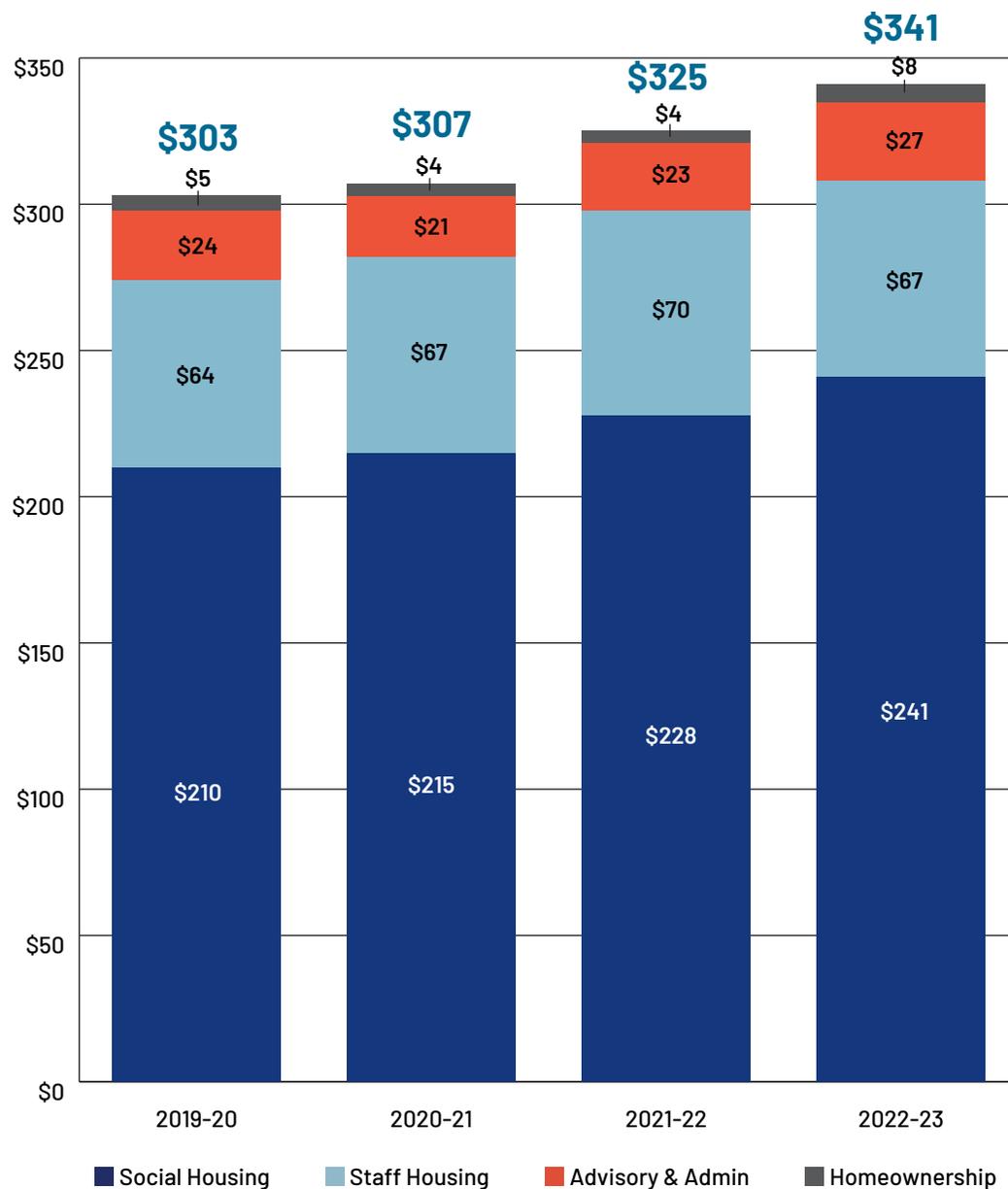
NON-GOVERNMENT REVENUES (\$ MILLIONS)



TOTAL EXPENSES

Total expenses increased to \$341 million from \$325 million. At \$308 million, expenses to support social and staff housing programs constitute 90 per cent of the Corporation's total expenses. Social and staff housing program expense increase by \$40 million in five year representing a 15% increase.

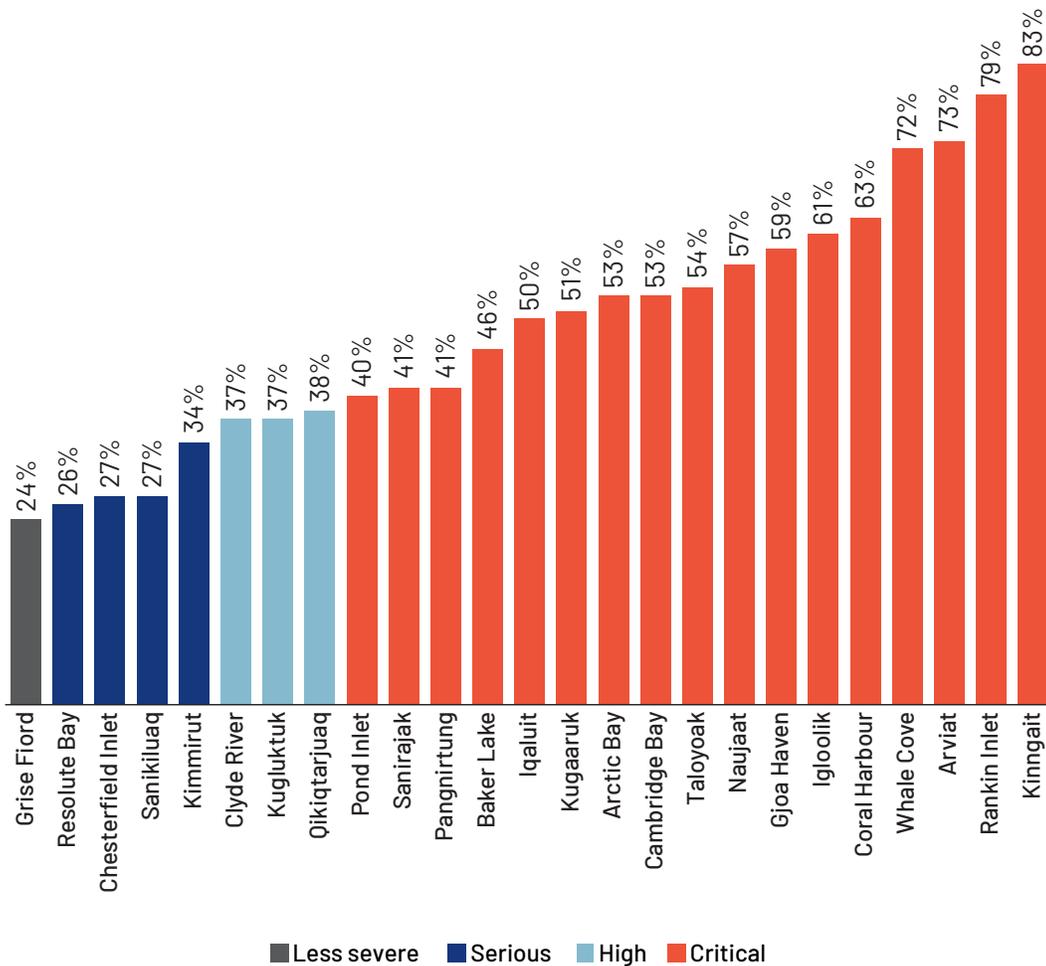
EXPENSES (\$ MILLIONS)



PUBLIC HOUSING

NHC continues to address the dire need for housing in Nunavut. The chart below shows each community's housing need, 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. Please note that these figures exclusively consider public housing and do not include staff housing, private rentals, and other housing stock within each community.

HOUSING NEED AS A PERCENTAGE OF STOCK



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

SUMMARY OF COLLECTIONS ACTIVITY

Throughout the year, staff continued to work diligently with clients and tenants to find payment means that are affordable, and reasonably adjusted to the tenant's specific circumstances, while ensuring action is taken towards reducing arrears. This includes providing support and resources to each LHO to ensure improved collections outcomes.

Despite these efforts, NHC collections rate declined in 2022-23, this which can be attributed to several factors.

As with many programs and services, COVID-19 and the associated emergency health measures caused major disruptions at NHC. In the case of collections, there were multiple pandemic related factors.

Staffing within NHC continued to be a challenge in the post pandemic. This decline had a direct impact on NHC's ability to

collect rental arrears. In addition, rent and arrears paid by the Department of Family Services did not return to pre-COVID 19 levels, as most Income Assistance clients in Nunavut applied for the Federal Government's, Canada Emergency Response Benefit (CERB). This income temporarily disqualified them from Income Assistance and many of those clients still had not re-applied.

To maximize its limited resources, maintain the quality of its programs and services, NHC is taking a proactive stance on collecting arrears across the territory. This includes working closely with the Department of Justice to improve the collection outcomes through Rental Officer hearings, small claims court, garnishment of wages, and third-party collections.

Additionally, NHC continues to provide specialized administrative supports to LHO who are not meeting collection targets.



PUBLIC HOUSING RENT COLLECTION RATES

| Community | Rent Receivable (\$'000) | # of Months Outstanding | 2022-23 (%) | 2021-22 (%) | 2020-21 (%) |
|--------------------------|--------------------------|-------------------------|-------------|-------------|-------------|
| Arctic Bay | \$2,629 | 60 | 43 | 70 | 76 |
| Clyde River | 5,468 | 78 | 51 | 52 | 86 |
| Grise Fiord | 322 | 36 | 58 | 82 | 48 |
| Igloolik | 3,367 | 39 | 52 | 66 | 79 |
| Iqaluit | 2,801 | 27 | 64 | 70 | 83 |
| Kimmirut | 867 | 25 | 75 | 74 | 87 |
| Kinngait | 1,775 | 32 | 103 | 95 | 79 |
| Pangnirtung | 2,599 | 38 | 73 | 79 | 86 |
| Pond Inlet | 4,089 | 44 | 67 | 89 | 76 |
| Qikqtarjuaq | 1,265 | 43 | 70 | 80 | 77 |
| Resolute Bay | 338 | 21 | 95 | 87 | 104 |
| Sanikiluaq | 1,546 | 32 | 58 | 74 | 84 |
| Sanirajak | 3,747 | 68 | 69 | 80 | 75 |
| Total Qikiqtaaluk | \$30,813 | 43 | 67 | 77 | 80 |
| Arviat | 2,476 | 23 | 101 | 99 | 106 |
| Baker Lake | 1,924 | 16 | 102 | 108 | 119 |
| Chesterfield | 551 | 16 | 68 | 83 | 80 |
| Coral Harbour | 381 | 8 | 84 | 105 | 90 |
| Repulse Bay | 584 | 11 | 95 | 95 | 120 |
| Rankin Inlet | 2,088 | 16 | 98 | 106 | 92 |
| Whale Cove | 98 | 4 | 83 | 101 | 97 |
| Total Kivalliq | \$8,102 | 15 | 93 | 100 | 100 |
| Cambridge Bay | 2,683 | 44 | 98 | 72 | 81 |
| Gjoa Haven | 1,996 | 32 | 87 | 104 | 103 |
| Kugaaruk | 938 | 19 | 90 | 94 | 93 |
| Kugluktuk | 1,764 | 32 | 82 | 91 | 83 |
| Taloyoak | 1,396 | 31 | 91 | 106 | 99 |
| Total Kitikmeot | \$8,777 | 32 | 87 | 93 | 92 |
| Total Nunavut | \$47,692 | 32 | 80 | 90 | 91 |

OPERATION AND MAINTENANCE COSTS FOR PUBLIC HOUSING

MODERNIZATION & IMPROVEMENT

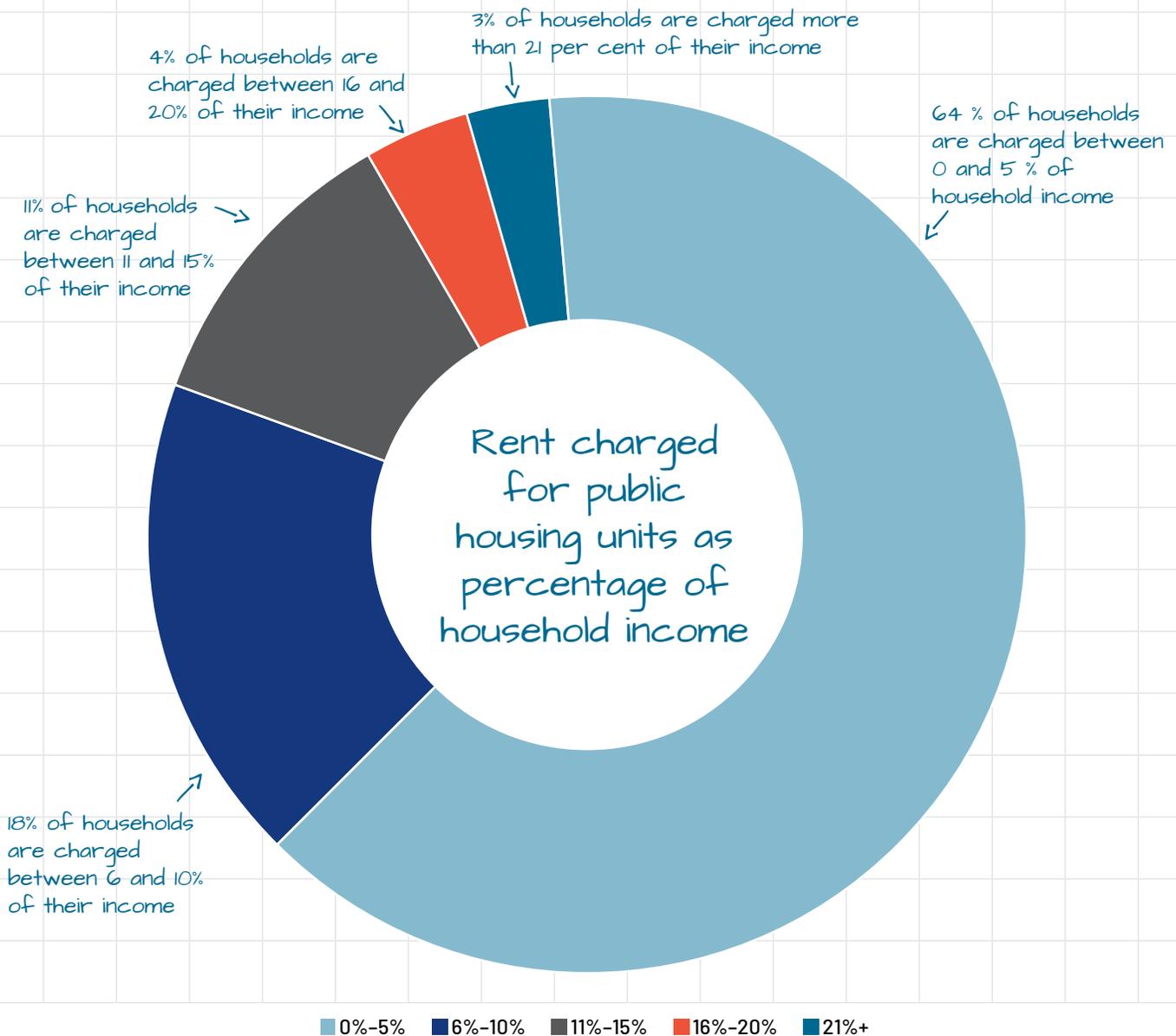
NHC is responsible for 5,916 units in the public housing portfolio. The Modernization and Improvement Program ensures the health, safety and suitability of these units. In 2022-23, \$10.4 million, (2021-22 - \$8.1 million) were spent on modernization and improvements. Funding for the program came from the GN and the CMHC.



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 living in public housing (64%) are charged less than 5% of their household income.



RENT GEARED TO INCOME

In 2022-23, Local Housing Organizations (LHOs) assessed \$18.2 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 (CMHC) 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:

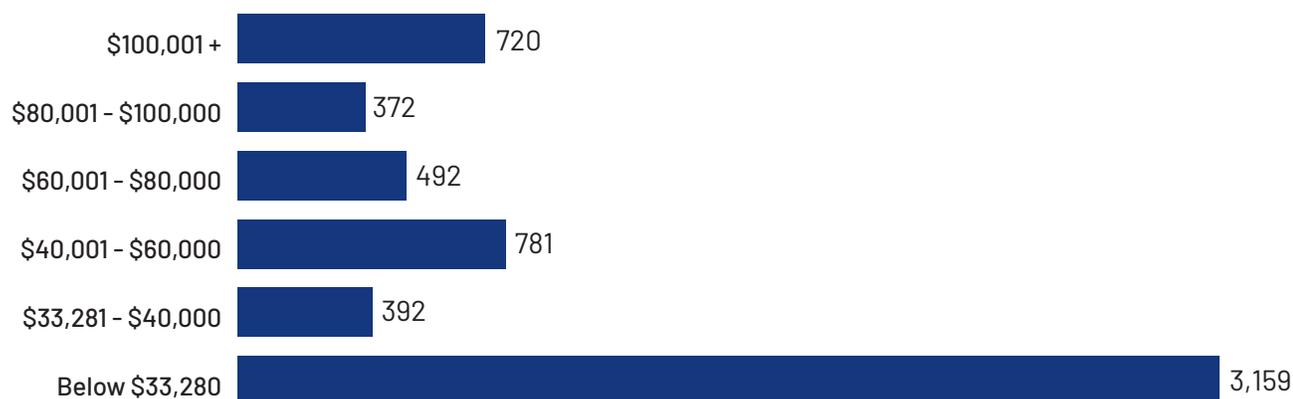
| | |
|----------------------|----------------------|
| Below \$33,280 | Up to \$60 a month |
| \$33,280 to \$40,000 | 20% of annual income |
| \$40,000 to \$80,000 | 25% of annual income |
| \$80,000 and above | 30% of annual income |

With 51 per cent of public housing tenants earning less than \$33,280 per year, the LHOs' ability to generate revenues from rent is severely limited.

Public housing expenses increased to \$241 million in 2022-23 from \$227 million in 2021-22, an increase of \$14 million. This increase is primarily due to an increase in utilities expenses. Year over year power rates on average increased to \$0.93 from \$0.84 per kilowatt hour resulting in increased utility expenses.



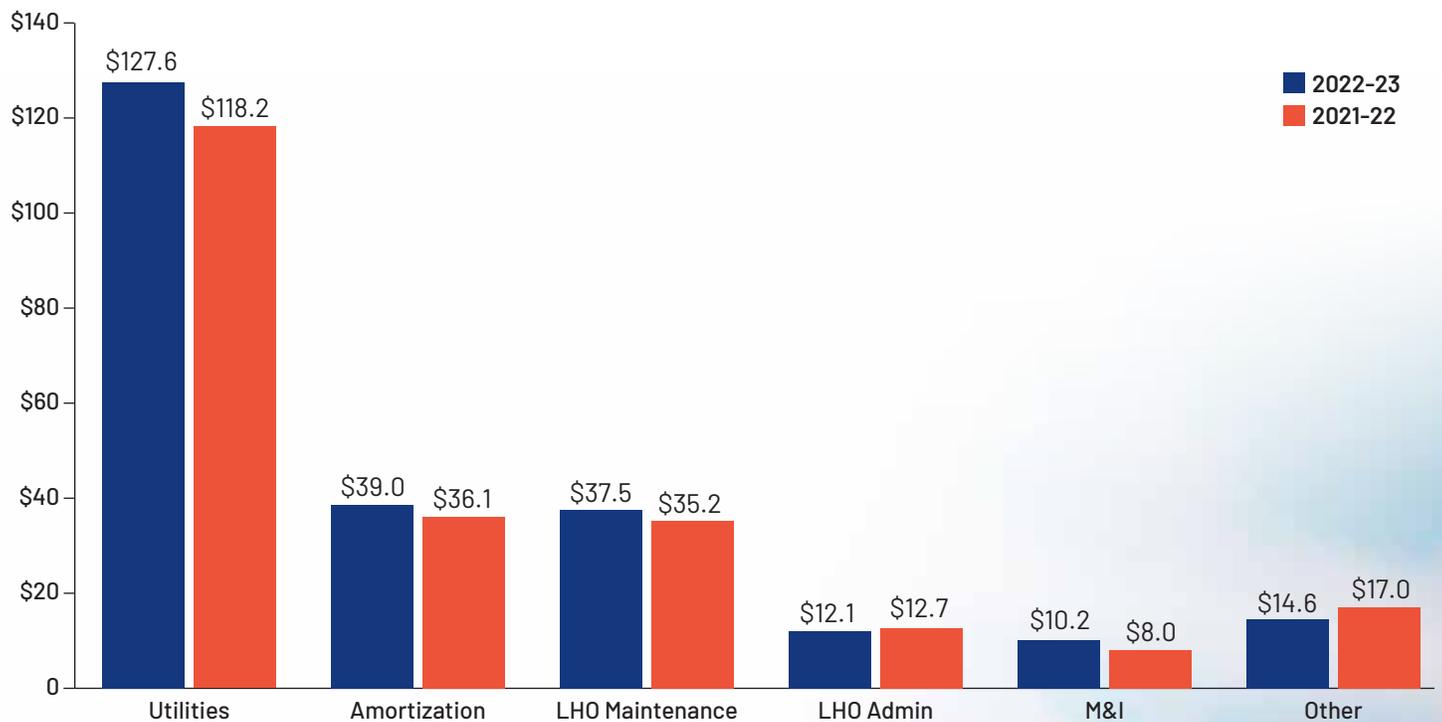
INCOME DISTRIBUTION AMONG TENANTS



EXPENSES (\$ MILLIONS)

The Public Housing Program expenses are listed of a single line on the Consolidated Statement of Operations with the details outlined in graph below. In 2022-23, NHC saw the Social Housing Program increase by \$13.7 million to \$240.9 million, primarily due to the addition of new public housing units, resulting in increases in utilities, and LHO administration and maintenance costs. The NHC will continue to work with our partners to explore ways to reduce the cost of delivering housing.

| | Utilities | Amortization | LHO Maintenance | LHO Admin | M&I | Other | Total |
|---------|-----------|--------------|-----------------|-----------|--------|--------|----------------|
| 2022-23 | \$127.6 | \$39.0 | \$37.5 | \$12.1 | \$10.2 | \$14.6 | \$240.9 |
| 2021-22 | \$118.2 | \$36.1 | \$35.2 | \$12.7 | \$8.0 | \$17.0 | \$227.2 |
| 2020-21 | \$114.6 | \$32.1 | \$34.3 | \$12.8 | \$7.1 | \$14.2 | \$215.1 |
| 2019-20 | \$108.6 | \$32.8 | \$35.8 | \$12.8 | \$8.5 | \$11.8 | \$210.3 |



OPERATING COSTS BREAK DOWN (IN MILLIONS):

 **\$58.4**
Water & Sewage

 **\$37.5**
LHO Maintenance

 **\$35.1**
Power

 **\$23.1**
Fuel

 **\$12.1**
LHO Admin

 **\$6.6**
Garbage

 **\$3.7**
Taxes

Average Cost Per Unit (in thousands)

| | |
|-----------------------------|---------------|
| Water & Sewage | \$9.9 |
| Power | 5.9 |
| Fuel | 3.9 |
| Garbage | 1.1 |
| Taxes | 0.6 |
| Subtotal - Utilities | \$21.4 |
| LHO Admin | \$2.0 |
| LHO Maintenance | 6.3 |
| Sub-total LHO | \$8.3 |
| Total | \$29.7 |

Water and sewage cost are the largest single expense for public housing. They are greater and than cost of LHO administration and maintenance combined.



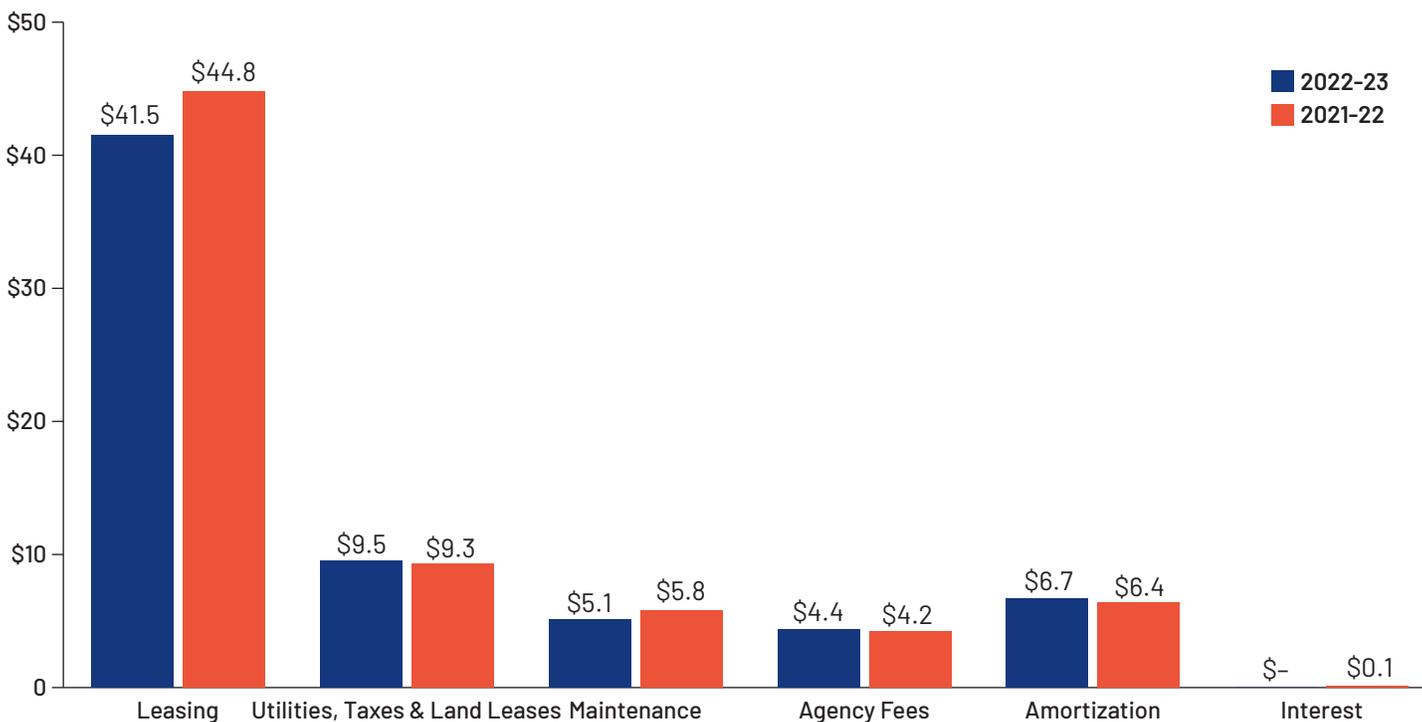
STAFF HOUSING

The inventory of 1,728 staff housing units is administered by NHC. Of these, 580 are owned by NHC while 1,148 units are leased (66 per cent of the staff housing portfolio). Over time, NHC 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 decreased to \$67.2 million from \$70.6 million, a decrease of \$3.4 million. This was largely driven by a \$3.3 million decrease in leasing costs. This decrease in leasing costs is due to the reduction of 126 leased units which were purchased by the corporation last fiscal.

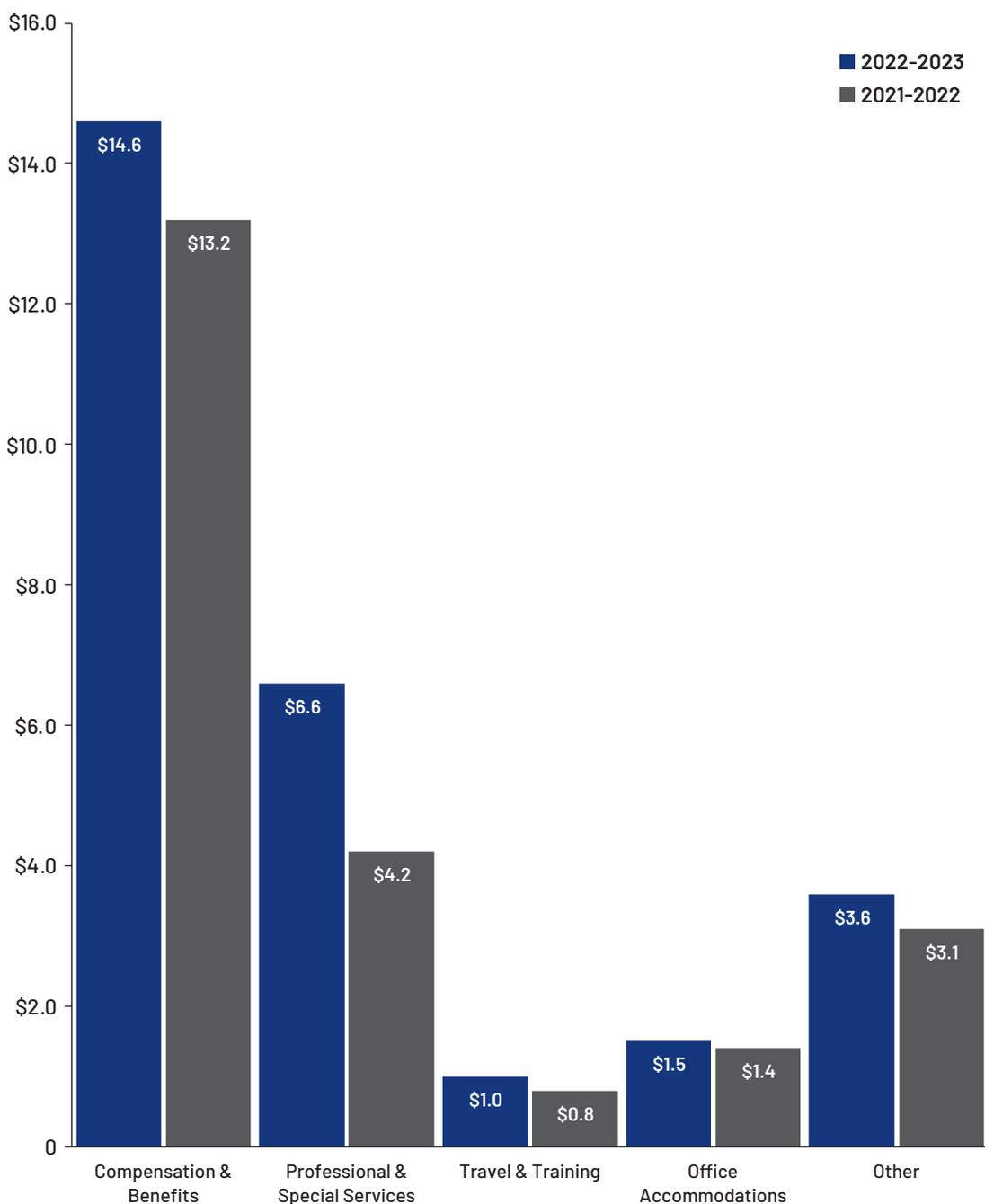
Revenues for staff housing rents are collected and retained by the Government of Nunavut Department of Finance.

STAFF HOUSING OPERATIONS AND MAINTENANCE COSTS (\$ MILLIONS)



ADVISORY AND ADMINISTRATION

Advisory and Administration costs (not including administration related to staff housing) increased to \$27.3 million from \$22.7 million. Professional and special services expenses increased by \$2.4 million as compared to the prior year to support Nunavut 3000. Compensation and benefits increased by \$1.4 million due to retro payments made resulting from the new Nunavut Employees Union collective bargaining agreement.



HOMEOWNERSHIP PROGRAMS

Nunavut Housing Corporation (NHC) offers two types of homeownership programs: home purchase assistance programs, and home renovation and repair programs. NHC’s homeownership programs provide support to Nunavummiut to purchase and maintain their homes.

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)

Under Nunavut 3000, in 2023 NHC anticipates bringing forward to Cabinet a submission to amend and/or create new homeownership and affordable rental programs (such as a new proposed capital co-investment program and an affordable housing rental supplement).

HOMEOWNERSHIP PROGRAM SPENDING

In 2022-23, \$2.725 million was spent on homeownership programs. Funding for these programs came entirely from the Government of Nunavut's capital budget.

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.

Nunavut Totals – Applications and Approvals

| Program | Carried Over | New Applications | Approvals | Applications Declined | Applications Waitlisted | Applications Incomplete | Applications Pending |
|----------------|--------------|------------------|------------|-----------------------|-------------------------|-------------------------|----------------------|
| ERP | 0 | 331 | 147 | 11 | 3 | 29 | 82 |
| HRP | 0 | 72 | 67 | 7 | 1 | 17 | 62 |
| HOTRP | 0 | | 18 | 4 | 0 | 4 | 21 |
| NDAP | 0 | 35 | 23 | 3 | 0 | 4 | 8 |
| SCHRP | 0 | 53 | 30 | 1 | 0 | 0 | 24 |
| SPDPMP | 0 | 27 | 15 | 0 | 0 | 0 | 17 |
| TOP | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IFP | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SPDHOP | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals: | 0 | 551 | 300 | 26 | 4 | 54 | 214 |



CONSTRUCTION PROGRAM

During the fiscal year 2022-23, Nunavut Housing Corporation (NHC) completed 89 housing units in Coral Harbour, Gjoa Haven, Kugaaruk, Kugluktuk, Naujaat, Pond Inlet, Rankin Inlet, Sanirajak and Sanikiluaq. These projects were funded by the Government of Nunavut’s capital budget and Canada Mortgage and Housing Corporation’s Bilateral Agreement and Rapid Housing Initiative.

Within the fiscal year 2022-23, all Request for Proposals (RFPs) related to new construction projects were cancelled. This action was necessitated due to the excessively high pricing received on the public tender. The steep increase in costs is believed to be an indirect consequence of the COVID-19 pandemic, which continues to cause significant disruptions in supply chains and labour shortages. These disruptions led to an inflationary ripple effect, making the proposed costs from the tender unsustainable. This report recognizes the complexities and challenges these economic conditions present and appreciates the understanding and patience of all stakeholders involved.

As a result of the above, the housing units made available in 2022-23 are a result of the completion of construction projects that originally began in 2021-22.

HOUSING UNITS MADE AVAILABLE IN 2022-2023

| Community | Program | Building type | # of Units |
|-----------------------------|----------------|---------------|------------|
| Coral Harbour | Public Housing | 5 Plex | 5 |
| Coral Harbour | Public Housing | SFD | 2 |
| Gjoa Haven | Public Housing | 5 Plex | 5 |
| Iglolik | Public Housing | Duplex | 2 |
| Iglolik | Public Housing | SFD | 1 |
| Kugaaruk | Public Housing | 5 Plex | 5 |
| Kugaaruk | Public Housing | 5 Plex | 5 |
| Kugaaruk | Public Housing | SFD | 1 |
| Pond Inlet | Public Housing | 5 Plex | 5 |
| Pond Inlet | Public Housing | 5 Plex | 5 |
| Pond Inlet | Public Housing | 5 Plex | 5 |
| Pond Inlet | Public Housing | 5 Plex | 5 |
| Pond Inlet | Public Housing | 5 Plex | 5 |
| Pond Inlet | Public Housing | 5 Plex | 5 |
| Repulse Bay | Public Housing | 5 Plex | 5 |
| Repulse Bay | Public Housing | 5 Plex | 5 |
| Repulse Bay | Public Housing | 5 Plex | 5 |
| Repulse Bay | Public Housing | SFO | 1 |
| Sanikiluaq | Public Housing | SFO | 1 |
| Sanirajak | Public Housing | 5 Plex | 5 |
| Sanirajak | Public Housing | 5 Plex | 5 |
| Public Housing Total | | | 83 |
| Gjoa Haven | Staff Housing | 5 Plex | 5 |
| Kugluktuk | Staff Housing | 5 Plex | 5 |
| Sanikiluaq | Staff Housing | 4 Plex | 4 |
| Staff Housing Total | | | 14 |
| Grand Total | | | 97 |

HOUSING CONSTRUCTION IN PROGRESS

| Community | Building Type | # of Units |
|-----------------------------|----------------|------------|
| Arctic Bay | Public Housing | 20 |
| Arviat | Public Housing | 20 |
| Baker Lake | Public Housing | 20 |
| Cambridge Bay | Public Housing | 12 |
| Gjoa Haven | Public Housing | 20 |
| Iqaluit | Public Housing | 18 |
| Rankin Inlet | Public Housing | 20 |
| Talojoak | Public Housing | 20 |
| Public Housing Total | | 150 |

NUNAVUT HOUSING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

NUNAVUT HOUSING CORPORATION
**INDEX TO THE CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2023

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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 2023, 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 2023, 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, after giving retroactive effect to the change in the method of accounting for asset retirement obligations as explained in Note 3 to the consolidated financial statements, 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 that reads "Paul Kelly". The signature is written in a cursive, flowing style.

Paul Kelly, CPA, CA
Interim Principal
for the Auditor General of Canada

Ottawa, Canada
13 September 2023

NUNAVUT HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023
(in thousands of dollars)

| | 2023 | 2022 |
|---|------------|----------------------|
| | | Restated (Note 3) |
| Financial assets | | |
| Cash | \$ 192,828 | \$ 129,391 |
| Accounts receivable (Note 4) | 14,204 | 64,270 |
| Condominiums held for resale (Note 5) | 1,052 | 4,047 |
| Portfolio investments (Note 6) | 80,021 | 45,112 |
| Mortgages receivable | 1,235 | 1,395 |
| Total financial assets | 289,340 | 244,215 |
| Liabilities | | |
| Accounts payable and accrued liabilities (Note 7) | 80,162 | 71,904 |
| Capital funding advanced (Note 8) | 38,686 | 43,281 |
| Long-term debt with CMHC (Note 9) | 5,412 | 6,173 |
| Capital lease obligations (Note 10) | 326 | 713 |
| Liability for contaminated sites (Note 11) | 104 | 485 |
| Asset retirement obligations (Note 12) | 86,794 | 89,029 |
| Employee future benefits | 1,949 | 2,092 |
| Total liabilities | 213,433 | 213,677 |
| Net financial assets | 75,907 | 30,538 |
| Non-financial assets | | |
| Tangible capital assets (Schedule C) | 890,515 | 878,298 |
| Condominiums held for resale (Note 5) | 10,903 | 7,908 |
| Inventory for use | 9,110 | 8,994 |
| Prepaid expenses | 219 | 89 |
| Total non-financial assets | 910,747 | 895,289 |
| Accumulated surplus | \$ 986,654 | \$ 925,827 |

Contingencies (Note 13)
Contractual obligations (Note 14)
Contractual rights (Note 15)



John Apt, CPA, CA
Chairperson



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, 2023
(in thousands of dollars)

| | Budget 2023 | Actual 2023 | Actual 2022 Restated (Note 3) |
|--|-------------------|-------------------|--|
| Revenues | | | |
| Generated revenues | | | |
| Social housing rental revenue | \$ 19,710 | \$ 18,166 | \$ 17,492 |
| Other revenue and recoveries (Schedule A) | <u>5,686</u> | <u>11,190</u> | <u>5,714</u> |
| Total revenues before government funding | <u>25,396</u> | <u>29,356</u> | <u>23,206</u> |
| Expenses | | | |
| Social housing program | 234,348 | 240,906 | 227,562 |
| Staff housing program | 78,328 | 67,197 | 70,558 |
| Corporate administration | 22,153 | 27,257 | 22,686 |
| Homeownership grants and contributions | <u>4,620</u> | <u>5,684</u> | <u>4,517</u> |
| Total expenses (Schedule B) | <u>339,449</u> | <u>341,044</u> | <u>325,323</u> |
| Net results of operations before government funding | <u>(314,053)</u> | <u>(311,688)</u> | <u>(302,117)</u> |
| Government funding - operations | | | |
| Government of Canada (Note 16) | 10,308 | 11,484 | 11,992 |
| Government of Nunavut (Note 17) | <u>244,063</u> | <u>252,272</u> | <u>237,857</u> |
| Total government funding - operations | <u>254,371</u> | <u>263,756</u> | <u>249,849</u> |
| Net results of operations before government funding - capital | <u>(59,682)</u> | <u>(47,932)</u> | <u>(52,268)</u> |
| Government funding - capital | | | |
| Government of Canada (Note 16) | 58,290 | 67,530 | 56,639 |
| Government of Nunavut (Note 17) | <u>46,850</u> | <u>41,229</u> | <u>100,495</u> |
| Total government funding - capital | <u>105,140</u> | <u>108,759</u> | <u>157,134</u> |
| Surplus for the year | 45,458 | 60,827 | 104,866 |
| Accumulated surplus, opening | <u>925,827</u> | <u>925,827</u> | <u>820,961</u> |
| Accumulated surplus, closing | <u>\$ 971,285</u> | <u>\$ 986,654</u> | <u>\$ 925,827</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, 2023
(in thousands of dollars)

| | <u>Budget</u> 2023 | <u>Actual</u> 2023 | <u>Actual</u> 2022 Restated (Note 3) |
|--|------------------------|-------------------------|---|
| Surplus for the year | \$ 45,458 | \$ 60,827 | \$ 104,866 |
| Tangible capital assets (Schedule C) | | | |
| Additions | (121,836) | (64,049) | (129,998) |
| Amortization | 49,703 | 45,612 | 42,843 |
| Write-downs and disposals | <u>-</u> | <u>6,220</u> | <u>-</u> |
| | (26,675) | 48,610 | 17,711 |
| Consumption of inventory for use | 6,628 | 7,221 | 6,282 |
| Purchases of inventory for use | (6,628) | (7,337) | (7,154) |
| Condominiums for resale - Reclassified as non-financial assets | - | (2,995) | - |
| Net (addition to) / use of prepaid expenses | <u>-</u> | <u>(130)</u> | <u>30</u> |
| Change in net financial assets | (26,675) | 45,369 | 16,869 |
| Net financial assets, opening | <u>30,538</u> | <u>30,538</u> | <u>13,669</u> |
| Net financial assets, closing | <u><u>\$ 3,863</u></u> | <u><u>\$ 75,907</u></u> | <u><u>\$ 30,538</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, 2023
(in thousands of dollars)

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Cash provided by / (used for) operations | | |
| Cash received from: | | |
| Transfers from Government of Nunavut | \$ 249,403 | \$ 226,928 |
| Transfers from Government of Canada | 12,677 | 16,488 |
| Rent collections from social housing | 14,323 | 15,448 |
| Miscellaneous revenues and recoveries | 10,791 | 6,665 |
| Cash paid for: | | |
| Homeownership grants and contributions | (5,431) | (4,272) |
| Administration | (25,596) | (22,736) |
| Staff housing | (60,258) | (62,783) |
| Social housing | (189,679) | (180,948) |
| Cash provided by / (used for) operations | 6,230 | (5,210) |
| Cash provided by / (used for) capital activities | | |
| Transfers from Government of Nunavut | 66,229 | 48,507 |
| Transfers from Government of Canada | 90,755 | 71,338 |
| Proceeds from disposals of tangible capital assets | 15 | - |
| Tangible capital asset acquisitions | (63,834) | (129,198) |
| Cash provided by / (used for) capital activities | 93,165 | (9,353) |
| Cash used for financing activities | | |
| Principal payments on capital lease | (387) | (459) |
| Principal payments on long-term debt | (762) | (713) |
| Cash used for financing activities | (1,149) | (1,172) |
| Cash provided by / (used for) investing activities | | |
| Portfolio investments redeemed | - | 39,750 |
| Portfolio investments acquired | (35,000) | (20,000) |
| Mortgage payments received | 191 | 268 |
| Cash (used for) / provided by investing activities | (34,809) | 20,018 |
| Increase in cash | 63,437 | 4,283 |
| Cash, opening | 129,391 | 125,108 |
| Cash, closing | \$ 192,828 | \$ 129,391 |

The Corporation received interest of \$5,759 (2022 - \$1,516) and paid interest of \$434 (2022 - \$533).

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, 2023
(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, 2023
(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) Financial instruments

The Corporation's financial instruments and their related measurement bases are as follows:

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

(c) Cash

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

(d) 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, 2023
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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. 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. Subsequent recoveries of amounts previously written off are recognized as other revenue and recoveries in the Consolidated Statement of Operations and Accumulated Surplus.

(e) Condominiums held for resale

Condominiums held for resale are valued at cost less any valuation allowance to reflect its net recoverable value and are not amortized. Cost includes amounts for improvements to prepare the assets for sale.

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

To the extent these criteria are not met, the condominiums are recognized as a non-financial asset.

(f) Portfolio investments

Portfolio investments are accounted for at cost. 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, 2023
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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. These subsidies varied in amount depending on the income of the mortgagees. The Corporation is no longer issuing new mortgages under this program and has not since 2013.

Accordingly, the mortgages receivable are measured at amortized cost, net of the mortgage subsidies previously expensed and an allowance for impairment.

(ii) 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.

(h) 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 includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

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, 2023
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii) The past transaction or event giving rise to the liability has occurred;
- iii) It is expected that future economic benefits will be given up; and
- iv) A reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The liability is discounted using a present value calculation and adjusted annually for accretion expense. The discount rate used reflects the Corporation's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset and amortized over the asset's estimated useful life. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial reporting date, the carrying amount of the liability is reviewed. The Corporation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. The Corporation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(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.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
(in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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, 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. 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
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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.

(m) 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.

(n) 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).

(o) Homeownership grants and contributions

The Corporation, under section 44(1) of its Act, may make a homeownership assistance grant in the form of a conditional grant 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.

NUNAVUT HOUSING CORPORATION
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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 and the impairment of tangible capital assets, the asset retirement obligation, as well as accounts receivable allowance for doubtful accounts.

(q) 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.

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.

Services provided without charge by the Government are measured at the carrying amount and are reported in corporate administration expenses, with a corresponding credit to transferred from government funding - operation - Government of Nunavut.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Related Party Transactions (continued)

(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.

(r) 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.

(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 the employees render service.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Pension plans (continued)

(iii) Northern Employee Benefits Services (NEBS) pension plan (continued)

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.

(s) 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.

NUNAVUT HOUSING CORPORATION
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3. ADOPTION OF NEW ACCOUNTING STANDARD

On April 1, 2022, the Corporation adopted Canadian Public Sector Accounting Standard PS 3280 Asset Retirement Obligations. This standard requires public sector entities to recognize liabilities for legal obligations to incur costs associated with the retirement of tangible capital assets on their acquisition, construction, development, or through their normal use and to expense those costs systematically over the life of the asset.

The Corporation recognized asset retirement obligations relating to buildings that are owned by the Corporation that contain either asbestos, lead, mercury or polychlorinated biphenyls (PCBs). The Corporation applied the modified retrospective application transition approach. On initial application of the standard, the Corporation recognized:

- i) a liability for any existing asset retirement obligation, adjusted for accumulated accretion to that date;
- ii) an asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital asset;
- iii) accumulated amortization on that capitalized cost, and
- iv) an adjustment to the opening balance of the accumulated surplus.

These amounts were measured using information, assumptions and discount rates that were current at the beginning of the current fiscal year. The amount recognized as an asset retirement cost was measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization were measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date of transition. When an asset retirement obligation is settled, any liability and associated asset retirement costs are removed from the Consolidated Statement of Financial Position.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. ADOPTION OF NEW ACCOUNTING STANDARD (continued)

The effect of this change on the March 31, 2022, comparative information is presented below.

| | <u>2022</u> As Previously <u>Reported</u> | <u>Adjustment</u> | <u>2022</u> <u>Restated</u> |
|--|---|-------------------|--------------------------------|
| Consolidated Statement of Financial Position | | | |
| Asset retirement obligations | - | 89,029 | 89,029 |
| Tangible capital assets | 864,868 | 13,430 | 878,298 |
| Accumulated surplus | 1,001,426 | (75,599) | 925,827 |
| Consolidated Statement of Operations and Accumulated Surplus | | | |
| Social housing program expense | 224,443 | 3,119 | 227,562 |
| Staff housing program expense | 70,554 | 4 | 70,558 |
| Accumulated surplus, opening | 893,437 | (72,476) | 820,961 |
| Accumulated surplus, closing | 1,001,426 | (75,599) | 925,827 |
| Consolidated Statement of Changes in Net Financial Assets | | | |
| Surplus for the year | 107,989 | (3,123) | 104,866 |
| Amortization | 42,136 | 706 | 42,842 |
| Net financial assets, opening | 100,282 | (86,613) | 13,669 |
| Net financial assets, closing | 119,567 | (89,029) | 30,538 |
| Consolidated Schedule of Tangible Capital Assets (Schedule C) | | | |
| Cost - Balance, opening | | | |
| Social Housing | 1,229,937 | 44,979 | 1,274,916 |
| Staff Housing | 167,781 | 64 | 167,845 |
| Warehouses & Offices | 30,451 | 953 | 31,404 |
| Accumulated Amortization - Balance, opening | | | |
| Social Housing | 584,471 | 31,846 | 616,317 |
| Staff Housing | 51,421 | 46 | 51,467 |
| Warehouses & Offices | 14,401 | 674 | 15,075 |
| Total 2022 | | | |
| Cost - Balance, opening | 1,313,322 | 45,996 | 1,359,318 |
| Cost - Balance, closing | 1,459,941 | 45,996 | 1,505,937 |
| Accumulated Amortization - | | | |
| Balance, opening | 621,330 | 31,859 | 653,189 |
| Amortization | 42,136 | 707 | 42,843 |
| Accumulated Amortization - | | | |
| Balance, closing | 663,466 | 32,566 | 696,032 |
| Net Book Value | 864,868 | 13,430 | 878,298 |

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. ACCOUNTS RECEIVABLE

| | 2023 | 2022 |
|--|------------------|------------------|
| Related party accounts receivable | | |
| Government of Nunavut departments | \$ 5,074 | \$ 27,862 |
| Qulliq Energy Corporation | 31 | 29 |
| Petroleum Products Revolving Fund | 1 | 1 |
| | 5,106 | 27,892 |
| Other | | |
| Tenant accounts receivable | 47,692 | 43,899 |
| CMHC | 20 | 29,025 |
| Trade and other accounts receivable | 10,138 | 8,245 |
| | 62,956 | 109,061 |
| Less: Allowance for doubtful accounts (Note 18(a)) | (48,752) | (44,791) |
| | \$ 14,204 | \$ 64,270 |

There were no write-offs of accounts receivable or mortgages receivable during the year (2022 - \$Nil)

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 there are signed purchase and sale agreements on 4 of the units. The value of the 4 units where a purchase and sale agreement has been signed are classified as a financial asset as the Corporation anticipates completing the sales during the 2023-24 fiscal year. The value of the remaining 43 units have been classified as non-financial assets as it is uncertain when these sales will be completed.

NUNAVUT HOUSING CORPORATION
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6. PORTFOLIO INVESTMENTS

| | <u>Term to Maturity</u> | <u>2023 Carrying Value</u> | <u>2022 Carrying Value</u> |
|---|-----------------------------|------------------------------------|------------------------------------|
| Various notes, GIC's and banker's acceptances | Within 4 years | \$ <u>80,021</u> | \$ <u>45,112</u> |

The market value of the portfolio investments at March 31, 2023, was \$77,942 (2022 - \$43,556), with coupons ranging from 1.38% to 5.09% (2022 - 1.35% to 2.35%).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Related party accounts payable and accrued liabilities | | |
| Petroleum Products Revolving Fund | \$ 12,273 | \$ 15,580 |
| Qulliq Energy Corporation | 10,482 | 7,120 |
| Government of Nunavut departments | <u>6,776</u> | <u>6,231</u> |
| | 29,531 | 28,931 |
| Other | | |
| Trade payable and accrued liabilities | 41,857 | 29,085 |
| Contractor holdbacks | 3,628 | 8,506 |
| Accrued wages and employee benefits | 3,884 | 4,183 |
| Security deposits | <u>1,262</u> | <u>1,199</u> |
| | <u>\$ 80,162</u> | <u>\$ 71,904</u> |

NUNAVUT HOUSING CORPORATION
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8. CAPITAL FUNDING ADVANCED

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. No amount is receivable as at March 31, 2023 (2022 - \$29,025).

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:

| | 2023 | | | | 2022 | |
|--------------------------|------------------|-----------------|-----------------|---------------|------------------|------------------|
| | CMHC NHS | CMHC RHI 1.0 | CMHC RHI 2.0 | CMHC Other | Total | Total |
| Opening balance | \$ 13,983 | \$ 477 | \$ 28,821 | \$ - | \$ 43,281 | \$ 60,703 |
| Reallocations | (104) | - | - | 104 | - | - |
| Capital funding advanced | 29,844 | - | - | - | 29,844 | 72,727 |
| Eligible expenditures | <u>(11,130)</u> | <u>(319)</u> | <u>(22,990)</u> | <u>-</u> | <u>(34,439)</u> | <u>(90,149)</u> |
| Closing balance | <u>\$ 32,593</u> | <u>\$ 158</u> | <u>\$ 5,831</u> | <u>\$ 104</u> | <u>\$ 38,686</u> | <u>\$ 43,281</u> |

9. 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.

NUNAVUT HOUSING CORPORATION
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9. LONG-TERM DEBT WITH CMHC (continued)

| | <u>Debt balance</u> | <u>CMHC Funded Portion</u> | <u>2023 Net debt balance</u> | <u>2022 Net debt balance</u> |
|--|-------------------------|------------------------------------|--------------------------------------|--------------------------------------|
| 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% (2022 - 9.5% to 19.75%). | \$ 46,580 | \$ (46,580) | \$ - | \$ - |
| Loans payable to CMHC (NHA section 82 debt), repayable in annual installments until the year 2032, bearing annual interest of 6.97% (2022 - 6.97%). The loans are guaranteed by the Government of Nunavut. | 11,929 | (6,627) | 5,302 | 6,047 |
| 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% (2022 - 2.12% to 10.375%). | <u>110</u> | <u>-</u> | <u>110</u> | <u>126</u> |
| | <u>\$ 58,619</u> | <u>\$ (53,207)</u> | <u>\$ 5,412</u> | <u>\$ 6,173</u> |

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

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

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------|------------------|-----------------|-----------------|
| 2024 | \$ 817 | \$ 386 | \$ 1,203 |
| 2025 | 875 | 327 | 1,202 |
| 2026 | 917 | 265 | 1,182 |
| 2027 | 856 | 199 | 1,055 |
| 2028 | 742 | 137 | 879 |
| 2029 and beyond | <u>1,205</u> | <u>173</u> | <u>1,378</u> |
| | <u>\$ 5,412</u> | <u>\$ 1,487</u> | <u>\$ 6,899</u> |

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9. LONG-TERM DEBT WITH CMHC (continued)

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 \$6,912 (2022 - \$7,185) and would have made additional principal long-term debt repayments to CMHC of \$2,652 (2022 - \$2,489).

10. CAPITAL LEASE OBLIGATIONS

The Corporation is committed to two lease agreements (2022 - three) for housing units that support the Staff Housing Programs. These lease agreements are based on implicit interest rates at 4.85% and 6.15% (2022 - varying from 4.85% to 6.70%) and have expiry dates ranging from 2024 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.

| | Future minimum lease payments | Executory Costs | Imputed Interest | Lease Obligation |
|-------|--|--------------------|---------------------|---------------------|
| 2024 | \$ 168 | \$ 1 | \$ 12 | \$ 155 |
| 2025 | 162 | - | 5 | 157 |
| 2026 | <u>14</u> | <u>-</u> | <u>-</u> | <u>14</u> |
| Total | <u>\$ 344</u> | <u>\$ 1</u> | <u>\$ 17</u> | <u>\$ 326</u> |

Interest expense related to capital lease obligations for the year was \$26 (2022 - \$54).

11. LIABILITY FOR CONTAMINATED SITES

The Corporation has identified 3 sites (2022 - 11) for which an environmental liability has been recorded. All sites are contaminated as a result of oil spills. The liability is calculated as estimated costs remaining to remediate the spills to the required environmental standard, based on a standard cost per litre established using historical experience. The spills are expected to be remediated within the next fiscal year.

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12. ASSET RETIREMENT OBLIGATIONS

The Corporation has recorded asset retirement obligations for the removal of asbestos, lead, mercury and PCBs in buildings. The amount recognized was determined using the net present value of estimated future expenditures required to fund the decommissioning of the assets. The obligation is calculated using the current estimated costs to retire the asset inflated to the estimated retirement date and discounted to current present value. The retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the asset. Future retirement expenditures will be charged against the accumulated liability as incurred.

In addition to assumptions based on the costing and prevalence of ARO's determined using sample testing of units throughout the territory, the following is a summary of the key assumptions upon which the carrying amount of the asset retirement obligations are based:

- i) Total undiscounted asset retirement obligations are \$168,629 (2022 - \$168,629).
- ii) Expected timing of payments of the cash flow for asset removal and/or site remediation is expected to occur between 2031 and 2054 (2022 - 2031 and 2054) with the average occurring by 2046 (2022 - 2046).
- iii) The discount rate is based on the Corporation's estimated cost of borrowing of 3.04% (2022 - 2.79%).
- iv) The inflation rate is based on the Bank of Canada's targeted inflation rate of 2.00% (2022 - 2.00%).

This provision is highly sensitive to the discount rate and inflation rate used.

- i) A 1% increase in the discount rate would decrease the obligation by \$16,358 (2022 - \$17,560).
- ii) A 1% increase in the inflation rate would increase the obligation by \$22,790 (2022 - \$23,452).

| | 2023 | 2022 |
|-----------------------------------|-----------|-----------|
| Opening balance | \$ 89,029 | \$ 86,613 |
| Accretion expense | 2,484 | 2,416 |
| Revisions in estimated cash flows | (4,719) | - |
| Closing balance | \$ 86,794 | \$ 89,029 |

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13. CONTINGENCIES

Mould

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.

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.

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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14. 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:

| | |
|------|------------------|
| 2024 | \$ 37,568 |
| 2025 | 22,684 |
| 2026 | 6,123 |
| 2027 | 910 |
| 2028 | <u>227</u> |
| | <u>\$ 67,512</u> |

The Corporation has contracted the construction of new buildings with an obligation of \$115,745 with expected completion dates up to October 2024.

The Corporation has committed to provide homeowners with grants related to homeownership programs with an obligation of \$5,442 with expected disbursement in the 2024 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 housing leases.

15. 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>2024</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029 and Thereafter</u> |
|---|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------------------|
| CMHC SHA | 2037 | \$14,514 | \$14,397 | \$13,892 | \$12,744 | \$11,525 | \$ 47,308 |
| CMHC NHS | 2028 | 30,594 | 30,810 | 31,304 | 32,909 | 34,178 | - |
| GN Low Carbon Economy Fund | 2024 | 110 | - | - | - | - | - |
| GN residential property lease payments | 2026 | 2,241 | 977 | 128 | - | - | - |
| Interest income | 2027 | <u>1,606</u> | <u>531</u> | <u>287</u> | <u>83</u> | <u>-</u> | <u>-</u> |
| | | <u>\$49,065</u> | <u>\$46,715</u> | <u>\$45,611</u> | <u>\$45,736</u> | <u>\$45,703</u> | <u>\$ 47,308</u> |

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16. TRANSFERS FROM GOVERNMENT OF CANADA

| | 2023 | 2022 |
|--|------------------|------------------|
| Government funding - Operations | | |
| CMHC | | |
| Social Housing Agreement (SHA) | \$ 10,279 | \$ 10,779 |
| Nunavut Housing Strategy (NHS) | 1,199 | 1,205 |
| Inuit Non-Profit Housing Corporation (INPHC) | 6 | 8 |
| | \$ 11,484 | \$ 11,992 |
| | | |
| | 2023 | 2022 |
| Government funding - Capital | | |
| CMHC | | |
| RHI 2.0 | \$ 22,990 | \$ 16,086 |
| NHS | 9,931 | 31,524 |
| SHA | 4,290 | 4,290 |
| RHI 1.0 | 319 | 4,138 |
| Nunavut Funding Agreement (NFA) | - | 561 |
| Social Infrastructure Fund (SIF) | - | 40 |
| | 37,530 | 56,639 |
| CIRNAC | | |
| Infrastructure funding | 30,000 | - |
| | \$ 67,530 | \$ 56,639 |

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 9). 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.

NUNAVUT HOUSING CORPORATION
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MARCH 31, 2023
(in thousands of dollars)

17. TRANSFERS FROM GOVERNMENT OF NUNAVUT

| | 2023 | 2022 |
|---|------------|------------|
| Government funding - Operations | | |
| Operating and maintenance appropriation | \$ 237,543 | \$ 219,125 |
| Capital appropriation - minor capital | 10,241 | 10,857 |
| Low Carbon Economy Fund | 2,269 | 1,567 |
| Services without charge | 2,146 | 1,958 |
| Renewable Energy Homeowner Program | 73 | - |
| Pandemic related funding | - | 4,350 |
| | \$ 252,272 | \$ 237,857 |
| | | |
| | 2023 | 2022 |
| Government funding - Capital | | |
| Capital appropriation | \$ 41,229 | \$ 37,695 |
| Capital supplementary appropriation | - | 37,800 |
| Delegated CIRNAC funding | - | 25,000 |
| | \$ 41,229 | \$ 100,495 |

The Corporation receives annual appropriations for operating and capital purposes from the Government of Nunavut (GN). In 2022, the Corporation was delegated responsibility by the GN for a \$25,000 agreement with CIRNAC to address immediate short-term housing needs. In addition, for 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.

18. FINANCIAL RISK MANAGEMENT

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

NUNAVUT HOUSING CORPORATION
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18. 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>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Financial Assets: | | |
| Cash | \$ 192,828 | \$ 129,391 |
| Accounts receivable | 14,204 | 64,270 |
| Portfolio investments | 80,021 | 45,112 |
| Mortgages receivable | <u>1,235</u> | <u>1,395</u> |
| Total financial assets | 288,288 | 240,168 |
| Loan guarantees to CMHC related to sponsor groups | <u>292</u> | <u>338</u> |
| Total | <u>\$ 288,580</u> | <u>\$ 240,506</u> |

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

Concentration of credit risk is limited to amounts due from the Government of Nunavut and CMHC, which in aggregate represent 36% (2022 - 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.

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
(in thousands of dollars)

18. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

The aging analysis of accounts receivable is as follows:

| | <u>Current</u> | <u>Past due 31 - 90 days</u> | <u>Past due > 90 days</u> | <u>Total 2023</u> | <u>Total 2022</u> |
|--|-----------------|----------------------------------|----------------------------------|-----------------------|-----------------------|
| Tenant receivables | \$ 1,073 | \$ 1,219 | \$ 45,401 | \$ 47,693 | \$ 43,899 |
| Trade and other accounts receivable | 5,472 | 132 | 4,428 | 10,032 | 7,956 |
| Direct financing lease receivable | 105 | - | - | 105 | 139 |
| Less: Allowance | <u>-</u> | <u>-</u> | <u>(48,752)</u> | <u>(48,752)</u> | <u>(44,791)</u> |
| | <u>\$ 6,650</u> | <u>\$ 1,351</u> | <u>\$ 1,077</u> | <u>\$ 9,078</u> | <u>\$ 7,203</u> |

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

Allowance for doubtful accounts:

| | <u>Tenant</u> | <u>Trade & Other</u> | <u>Total 2023</u> | <u>Total 2022</u> |
|-----------------------------------|------------------|------------------------------|-----------------------|-----------------------|
| Balance, beginning of the year | \$ 42,059 | \$ 2,732 | \$ 44,791 | \$ 41,522 |
| Increase in the allowance account | <u>3,287</u> | <u>674</u> | <u>3,961</u> | <u>3,269</u> |
| | <u>\$ 45,346</u> | <u>\$ 3,406</u> | <u>\$ 48,752</u> | <u>\$ 44,791</u> |

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

The 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.

NUNAVUT HOUSING CORPORATION
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MARCH 31, 2023
(in thousands of dollars)

18. 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.

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

| | Contractual Cash Flows | | | | | |
|--|----------------------------------|---------------------------------|-------------------------------|-------------------------------|-----------------------------|-----------------------------|
| | <u>Carrying</u> <u>Amount</u> | <u>2024</u> <u>Estimated</u> | <u>2025 to</u> <u>2028</u> | <u>2029 to</u> <u>2039</u> | <u>Total</u> <u>2023</u> | <u>Total</u> <u>2022</u> |
| Accounts payable and accrued liabilities | \$80,162 | \$ 80,162 | \$ - | \$ - | \$80,162 | \$71,904 |
| Long-term debt with CMHC | 5,412 | 1,203 | 4,318 | 1,378 | 6,899 | 8,101 |
| Capital lease obligations | 326 | 168 | 176 | - | 344 | 769 |
| | <u>\$85,900</u> | <u>\$ 81,533</u> | <u>\$ 4,494</u> | <u>\$ 1,378</u> | <u>\$87,405</u> | <u>\$80,774</u> |

NUNAVUT HOUSING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
(in thousands of dollars)

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 7 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 17.

| | 2023 | 2022 |
|-----------------------------------|-----------|-----------|
| Related party revenues | | |
| Government of Nunavut departments | \$ 3,266 | \$ 3,171 |
| Qulliq Energy Corporation | 42 | 30 |
| | \$ 3,308 | \$ 3,201 |
| Related party expenses | | |
| Qulliq Energy Corporation | \$ 37,267 | \$ 32,945 |
| Petroleum Products Revolving Fund | 28,039 | 23,230 |
| Government of Nunavut departments | 2,657 | 2,718 |
| | \$ 67,963 | \$ 58,893 |

In addition to the above, the Corporation incurred \$699 (2022 - \$216) in expenditures with entities related to members of key management personnel.

20. COMPARATIVE INFORMATION

Comparative figures for government funding have been reclassified to conform to the current year's presentation of separating government funding used for operations and capital.

NUNAVUT HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF OTHER REVENUE AND RECOVERIES
FOR THE YEAR ENDED MARCH 31, 2023
(in thousands of dollars)

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|------------------------|
| Other revenue and recoveries | | |
| Investment revenue | \$ 5,953 | \$ 1,513 |
| Other rental revenues | 3,766 | 2,979 |
| Miscellaneous revenue and recoveries | 993 | 725 |
| Staff housing recoveries | 46 | 125 |
| Mortgage interest revenue | 34 | 44 |
| (Impairment) recovery of mortgage receivable | 32 | (221) |
| Mortgage subsidy recovery | <u>1</u> | <u>-</u> |
| | 10,825 | 5,165 |
| Recovery of prior year expenditures | | |
| Homeowner's assistance recovery | <u>365</u> | <u>549</u> |
| Total other revenue and recoveries | <u><u>\$ 11,190</u></u> | <u><u>\$ 5,714</u></u> |

NUNAVUT HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2023
(in thousands of dollars)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | | Restated (Note 3) |
| Expenses | | |
| Utilities, taxes and land leases | \$ 137,982 | \$ 127,539 |
| Compensation and benefits | 55,021 | 54,632 |
| Leasing | 48,374 | 52,334 |
| Amortization | 45,612 | 42,843 |
| Demand and preventative maintenance | 14,286 | 12,426 |
| Repairs for modernization and improvements | 10,418 | 8,119 |
| Professional and special services | 6,601 | 4,172 |
| Homeownership grants and contributions | 5,684 | 4,517 |
| Bad debt | 3,267 | 2,543 |
| Accretion | 2,484 | 2,416 |
| LHO administration | 2,338 | 1,849 |
| Agency fees | 1,778 | 1,645 |
| Write-downs of tangible capital assets | 1,501 | - |
| Office accommodations | 1,494 | 1,401 |
| Travel and training | 1,017 | 829 |
| Miscellaneous | 998 | 1,789 |
| Computer services | 792 | 646 |
| Communications | 500 | 503 |
| Interest on long term debt with CMHC | 454 | 533 |
| Materials supplies and other | 304 | 248 |
| Land titles and fees | 66 | - |
| Sponsor groups | 49 | 49 |
| Building and equipment rental | 22 | 154 |
| Pandemic related expense | 2 | 4,136 |
| Total expenses | \$ 341,044 | \$ 325,323 |

Pension plans

Total employer contributions to the public service pension plan of \$1,068 (2022 - \$1,032) and to the Northern Employee Benefits Services of \$1,158 (2022 - \$1,192) were recognized as an expense in the current year. Total employee contributions were \$1,058 and \$1,158 respectively (2022 - \$1,025 and \$1,192).

NUNAVUT HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2023
(in thousands of dollars)

| | Social Housing Rostated (Note 3) | Staff Housing Rostated (Note 3) | Lease To Purchase | Capital Lease | Warehouses & Offices Rostated (Note 3) | Equipment & Leaseholds | Land | Equity Land Lease | Total 2023 | Total 2022 Rostated (Note 3) |
|--|----------------------------------|---------------------------------|-------------------|---------------|--|------------------------|------------|-------------------|------------------|------------------------------|
| Cost | | | | | | | | | | |
| Balance, opening | \$ 1,274,916 | \$ 167,845 | \$ 142 | \$ 5,839 | \$ 31,404 | \$ 5,350 | \$ 327 | \$ 20,114 | \$ 1,505,937 | \$ 1,359,318 |
| Transfer from construction in progress | 81,056 | 14,116 | - | - | 1,225 | - | - | - | 96,397 | 107,528 |
| Additions ¹ | 1,051 | - | - | - | - | 1,093 | - | 487 | 2,631 | 39,091 |
| Transfers | 4,585 | (4,585) | - | - | - | - | - | - | - | - |
| Adjustments ³ | (4,595) | (7) | - | - | (117) | - | - | - | (4,719) | - |
| Write-downs | (3,465) | - | - | - | - | - | - | - | (3,465) | - |
| Balance, closing | <u>1,353,548</u> | <u>177,369</u> | <u>142</u> | <u>5,839</u> | <u>32,512</u> | <u>6,443</u> | <u>327</u> | <u>20,601</u> | <u>1,596,781</u> | <u>1,505,937</u> |
| | \$ 616,317 | \$ 51,467 | \$ 105 | \$ 5,494 | \$ 15,075 | \$ 3,674 | \$ - | \$ 3,900 | \$ 696,032 | \$ 653,189 |
| Balance, opening | 36,907 | 6,525 | 2 | 135 | 878 | 478 | - | 687 | 45,612 | 42,843 |
| Amortization | (1,964) | - | - | - | - | - | - | - | (1,964) | - |
| Write-downs | 2,118 | (2,118) | - | - | - | - | - | - | - | - |
| Transfers | 653,378 | 55,874 | 107 | 5,629 | 15,953 | 4,152 | - | 4,587 | 739,680 | 696,032 |
| Balance, closing | | | | | | | | | | |
| | \$ 53,705 | 9,612 | - | - | 5,076 | - | - | - | 68,393 | 85,014 |
| Balance, opening ² | 51,587 | 4,544 | - | - | 5,287 | - | - | - | 61,418 | 90,907 |
| Additions ¹ | (81,056) | (14,116) | - | - | (1,225) | - | - | - | (96,397) | (107,528) |
| Transfers | 24,236 | 40 | - | - | 9,138 | - | - | - | 33,414 | 68,393 |
| Balance, closing | <u>724,406</u> | <u>121,535</u> | <u>35</u> | <u>210</u> | <u>25,697</u> | <u>2,291</u> | <u>327</u> | <u>16,014</u> | <u>890,515</u> | <u>878,298</u> |
| Net Book Value | | | | | | | | | | |

- The tangible capital asset acquisitions presented in the Consolidated Statement of Cash Flow excludes an amount of \$13,138 (2022 - includes an amount of \$12,923) in relation to the acquisition and construction of tangible capital assets that remain unpaid as at March 31, 2023, as well as an amount of \$nil (\$nil in 2022) for non-monetary transactions incurred during the year.
- The opening balance of the construction in progress for Social Housing was reduced by \$6,156 and reclassified to Staff Housing to accurately reflect the unit categorization.
- Asset retirement cost impact of revisions in estimated cash flows of the asset retirement obligations (Note 12), largely as a result of the change in discount rate during the year.

NUNAVUT HOUSING CORPORATION
RECONCILIATION OF MAIN ESTIMATES TO PSAS ADJUSTED BUDGET
FOR THE YEAR ENDED MARCH 31, 2023
(in thousands of dollars)

Revenues

| | | |
|--|--|---------------|
| Social housing rental revenue | | \$ 19,710 |
| Other revenues and recoveries | | <u>5,686</u> |
| Total revenues before government funding | | <u>25,396</u> |

Expenses

| | | | |
|---|--------------|--|------------------|
| Social housing | | | |
| Approved Main Estimates | 190,637 | | |
| Operating portion of capital budget | 7,940 | | |
| Amortization expense | 43,111 | | |
| Principal portion of debt repayment | (10,297) | | |
| Rent assessments | <u>2,957</u> | | 234,348 |
| Staff housing | | | |
| Approved Main Estimates | 71,892 | | |
| Operating portion of capital budget | 270 | | |
| Amortization expense | 6,592 | | |
| Principal portion of debt repayment | <u>(426)</u> | | 78,328 |
| Corporate administration | | | |
| Approved Main Estimates | 20,253 | | |
| Government of Nunavut services without charge | <u>1,900</u> | | 22,153 |
| Homeownership grants and contributions | | | <u>4,620</u> |
| Total PSAS adjusted expenditures budget | | | <u>339,449</u> |
| Net results of operations before government funding | | | <u>(314,053)</u> |

Government funding - operations

| | | | |
|---|----------------|--|-----------------|
| Government of Canada | | | |
| CMHC contribution | 19,843 | | |
| CMHC portion of debt repayment | <u>(9,535)</u> | | 10,308 |
| Government of Nunavut | | | |
| Approved Main Estimates | 237,543 | | |
| Services without charge | 1,900 | | |
| Capital budget - Minor capital | <u>4,620</u> | | 244,063 |
| Total government funding - operations | | | <u>254,371</u> |
| Net results of operations before government funding - capital | | | <u>(59,682)</u> |

Government funding - capital

| | | | |
|------------------------------------|---------------|--|----------------|
| Government of Canada | | | |
| CMHC contribution | 28,290 | | |
| CIRNAC contribution | <u>30,000</u> | | 58,290 |
| Government of Nunavut | | | |
| Capital budget | | | <u>46,850</u> |
| Total government funding - capital | | | <u>105,140</u> |

Surplus for the year \$ 45,458





