



# 2015-16 Annual Report

## NWT Business Development & Investment Corporation

Committed to Helping Businesses in the  
Northwest Territories

ULUKHAKTOK ARTS CENTRE

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# MESSAGE FROM THE CHAIR AND CEO

We are pleased to present the NWT Business Development and Investment Corporation's (BDIC) 2015/16 Annual Report to the Minister Responsible for the BDIC. The BDIC continues to be innovative and assisting business people and potential entrepreneurs with programs and services to help their businesses succeed.

The 18th Legislative Assembly, has made economic diversification one of its key priorities. The BDIC's mandate to provide support and services for NWT businesses directly contributes to achieving this priority.

This year we celebrated the BDIC's 10 year anniversary. Created on April 1 2005, the BDIC has disbursed over \$70 million to more than 400 businesses. Several events were held during the year to commemorate the BDIC's anniversary and celebrate its achievements.

The BDIC is committed to promoting economic development across the Northwest Territories. In 2015/16, our disbursements totalled more than \$6.9 million. Nearly 80% of this amount was provided to businesses outside of Yellowknife, in communities where there is less business support.

Our Business Development Project Fund remains popular among entrepreneurs who want to start or expand their businesses. Approximately \$311,000 in contributions were approved for 47 applications this year.

The BDIC's credit facilities portfolio totalled over \$50 million at the end of the 2015/16 fiscal year. In addition, more than \$6 million in credit facilities were approved this year. The BDIC's role as a lender of last resort remains valuable to NWT businesses.

Our Subsidiary and Venture Investment Programs continue to generate employment in NWT communities. More than 36 full time equivalent positions were maintained in 2015/16 through the two programs. NWT arts and crafts from our subsidiary companies can now be purchased at galleries and gift-shops in every Canadian Province and Territory as well as some US States. People around the world can purchase them directly from the subsidiaries online.

This year 418 clients were assisted through the BDIC's business centre. Committed to assisting community business development, BDIC staff visited communities to meet with local chambers of commerce, economic development officers and business people. The BDIC also formed a partnership with Futurpreneur Canada to provide business support services to NWT youth including business bootcamps and mentorship.

We welcome the Honourable Bob McLeod as the Minister Responsible for the BDIC.

Finally, we wish to thank our outgoing Minister, Mr. David Ramsay for his hard work and support of the BDIC over the past four years.



Pawan Chugh  
Chief Executive Officer



Darrell Beaulieu  
Chairperson



# CORPORATE OVERVIEW

## Minister, Chair and CEO



Premier Bob McLeod

Minister Responsible for the BDIC

Premier Bob McLeod was re-elected in November 2016 and became Minister Responsible for the BDIC. He held the BDIC portfolio in the past, from 2007 to 2011. Born in Fort Providence, Premier McLeod completed a Bachelor of Commerce at the University of Alberta and also holds an honours degree in administrative management from the Northern Alberta Institute of Technology.



Darrell Beaulieu

Chair of the BDIC

Born and raised in the North, Darrell Beaulieu has been Chair of the BDIC since 2005. Darrell is currently President and CEO of Denendeh Investments Incorporated (DII) and sits as Director of Northland Utilities (Yellowknife & NWT) and the NWT Law Foundation.



Dr. Pawan Chugh

Chief Executive Officer

With a public service career spanning over two decades, Pawan Chugh has been CEO of the BDIC since 2005. During his tenure, Pawan has advanced the BDIC to become a leader in NWT economic development. The BDIC has assisted residents in all 33 NWT communities under his leadership. He provides expertise with his in depth knowledge of business, law, marketing and finance.

# CORPORATE OVERVIEW

## BOARD OF DIRECTORS

*The BDIC's Board of Directors is currently composed of 8 business people appointed by the Minister responsible for the BDIC. To be eligible, they must have owned or managed a business in the NWT or have business expertise relevant to the economy of the Northwest Territories.*

*The Audit Committee assists the Board in its oversight responsibilities, notably for the financial reporting process, the audit process and the BDIC's compliance with the law.*

## BOARD OF DIRECTORS

Darrell Beaulieu - Chairperson	N'Dilo
Denise Yuhas - Vice Chairperson	Fort Smith
Gwen Robak - Director	Hay River
Ruby Landry - Director	Kakisa
Andy Wong - Director	Yellowknife
Denny Rodgers - Director	Inuvik
Joanne Deneron - Director	Fort Liard
Charlie Furlong - Director	Aklavik

## AUDIT COMMITTEE

Denise Yuhas - Chairperson	Fort Smith
Joanne Deneron - Vice Chairperson	Fort Liard
Louise Lavoie	Yellowknife
Denny Rodgers	Inuvik
John Hazenberg	Yellowknife



**Left to Right, the Board of Directors:** Darrell Beaulieu, Denise Yuhas, Gwen Robak, Ruby Landry, Andy Wong, Denny Rodgers, Joanne Deneron, Charlie Furlong

# CORPORATE OVERVIEW

## BDIC Staff

Pawan Chugh, Chief Executive Officer
Leonard Kwong, Director Finance and Subsidiaries
Brad Poulter, Manager Communications and Board Support
Rhonda MacLeod, Administrative Officer
Greg Debogorski, Product Promotions Specialist
Chris Taylor, Manager Operations and Business Programs
Ron Chiasson, Business Advisor
Patricia Dillon, Business Advisor
Ray Gentile, Contracts and Information Analyst
Matt Belliveau, Policy Officer
Frances Stroeder, Finance and Budget Officer
Maggie Huynh, Subsidiary Finance and Budget Officer
Thierry Lavoie, Communications Coordinator

*The BDIC's team is committed to supporting Northwest Territories businesses.*

# CORPORATE OVERVIEW

## Overview of the BDIC

On April 1, 2005, the Northwest Territories Business Development & Investment Corporation was established with the passing of the BDIC Act, resulting in the merger of the Northwest Territories Development Corporation and the Northwest Territories Business Credit Corporation. The BDIC Act outlines the mandate of the corporation to support the economic objectives of the Government of the Northwest Territories (GNWT) in a manner that benefits the people and the economy of the Northwest Territories.

The BDIC provides debt and equity financing and contributions to northern businesses. The BDIC's equity financing can be generalized into two different types: preferred shares in externally owned and managed companies (known as the Venture Investment Program) and common shares in BDIC owned and managed businesses (known as the Subsidiary Program). Additionally, the BDIC offers business support services to northern businesses across the NWT. The aim is to make its programs and services complementary, thereby assisting clients at any stage in their development with the support needed to meet their business goals.

In 2015/16, the BDIC disbursed \$6.96 million dollars in loans, subsidies and contributions. Over 79% of this money was disbursed in communities outside of Yellowknife: 56% of the amount went to the regional centres of Hay River, Forth Smith or Inuvik and 23% was disbursed in Level II communities.

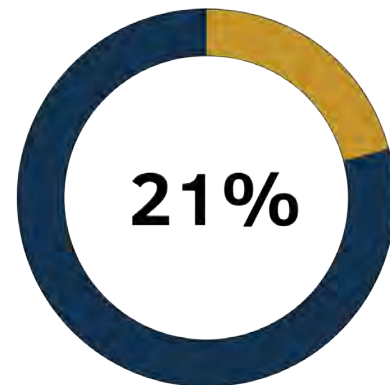
### Level I Communities

Communities with well developed business infrastructure and air/road transportation links. **Fort Smith, Hay River, Inuvik and Yellowknife including N'Dilo.**

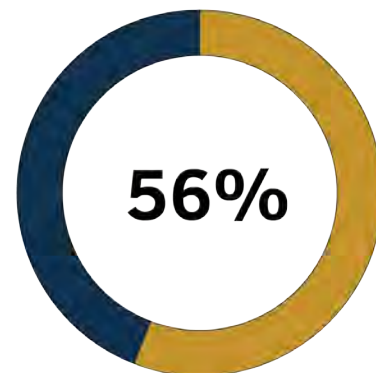
### Level II Communities

Communities with less developed business infrastructure and air/road transportation links. **All other NWT communities not listed above.**

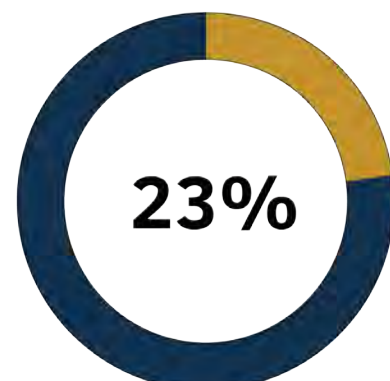
Disbursements 2015-2016  
Yellowknife



Disbursements 2015-2016  
Other Level I Communities



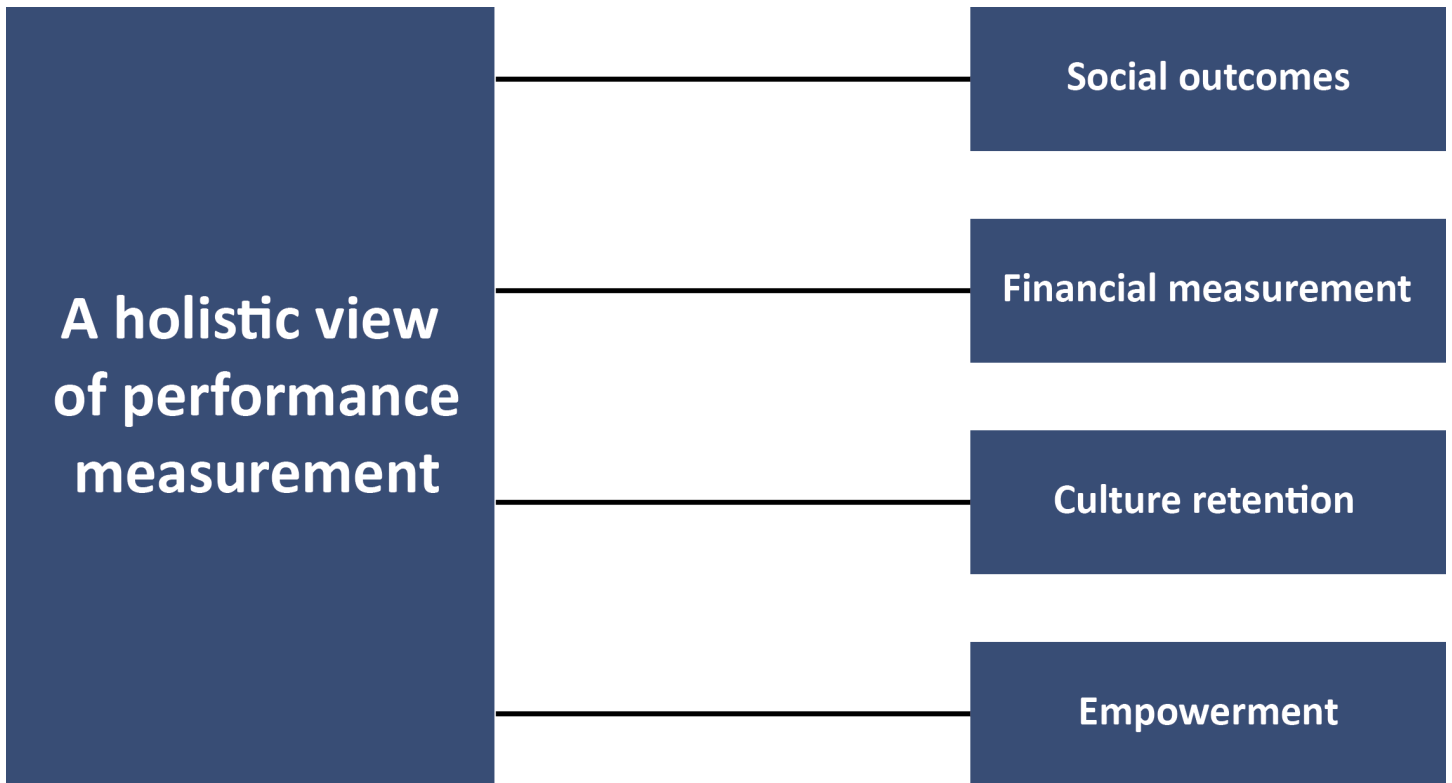
Disbursements 2015-2016  
Level II Communities





# CORPORATE OVERVIEW

## A NEW MODEL TO MEASURE PERFORMANCE



The BDIC now uses a broad approach to measure its performance. Social outcomes, retention of culture and empowerment arising from its investments are now part of how the BDIC evaluates its activities. In the academic field, this is defined as a **holistic approach to performance measurement**.

Holistic performance measurement is a way for the BDIC to recognize the diverse range of factors that influence economic development in the Northwest Territories. Integrating these factors into the BDIC's reporting will help ensure that BDIC programs support sustainable economic development. Along with tracking additional measurements, the BDIC will continue to monitor financial performance to effectively manage public funds.

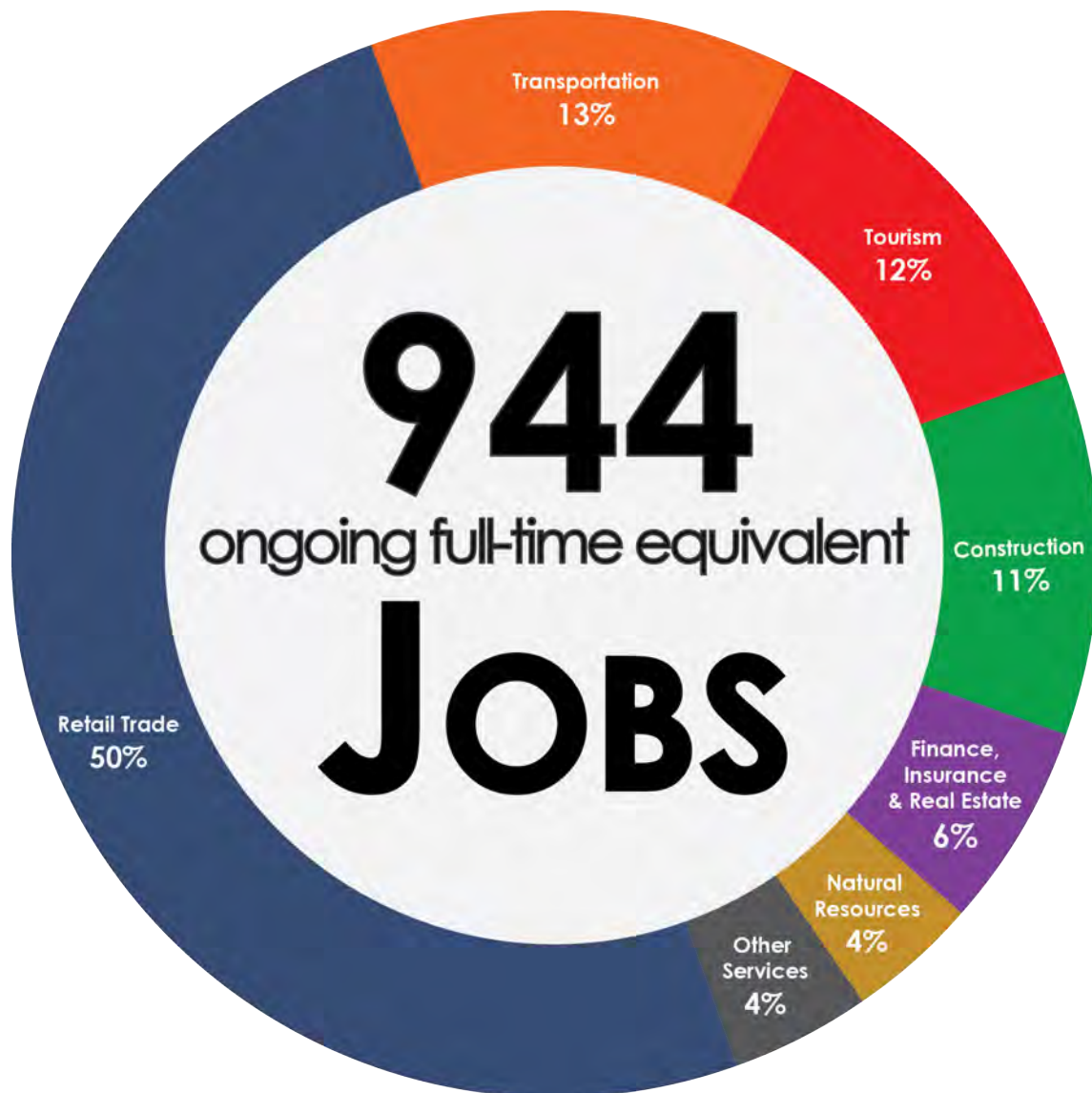
With a \$50 million loan portfolio comprised of more than 100 businesses across the NWT, the BDIC has a clear financial impact on economic development in the territory. In addition to this, the BDIC works to generate social and cultural returns by supporting employment, training, and the retention of local culture in small communities.

Retaining culture through strong arts, craft and traditional manufacturing sectors is one way the BDIC seeks to empower small communities and build self-reliance.

The BDIC looks forward to partner with social organizations in the NWT, such as the NWT Disabilities Council and the Status of Women Council of the NWT to expand its business services.

# CORPORATE OVERVIEW

## ECONOMIC DIVERSIFICATION: HELPING SMALL BUSINESSES CREATE JOBS



The BDIC currently lends to 118 businesses operating across a wide range of business sectors in the Northwest Territories. As a result of the BDIC's financing, these businesses currently support 944 full-time equivalent jobs in the NWT.

Job totals are calculated by comparing client financial statements with Industry Intensity Ratios and Industry Average Wages provided by the NWT Bureau of Statistics. Only ongoing jobs attributable to the BDIC's financing are included in the total.

# CORPORATE OVERVIEW

## CONTRIBUTING TO THE DIVERSIFICATION OF THE NWT ECONOMY



The 18th Legislative Assembly made economic diversification a top priority for the Government of the Northwest Territories (GNWT). The BDIC's support to businesses directly contributes to this priority.

In 2015/16, the BDIC approved \$6.1 million in credit facilities. This helped a wide variety of different NWT businesses start and grow.

# PROGRAMS AND SERVICES

## CREDIT FACILITIES PROGRAM

The BDIC's credit facilities portfolio was approximately \$50.3 million (including \$531,000 of interest not recognized as revenue in 2015/16). \$6.1 million credit facilities were approved in the 2015/16 fiscal year.

The following credit facilities are available to BDIC clients:

### Loan Facilities

- General Term Loans are provided for clients who may not be able to secure bank financing. BDIC clients can choose between fixed or variable term loans.

### Standby Letters of Credit Facilities

- Standby letters of credit enable clients to secure contract bids or provide security to suppliers through assurance of payments to third parties.

### Guarantee Facilities

- Working Capital Guarantees are available to clients as security to assist in obtaining working capital financing for their business through conventional banks. This enables small businesses with limited funds to operate successfully while building a relationship with a traditional finance provider.

**\$50.3M**

**BDIC's credit facilities portfolio**

### Our successful clients

The BDIC's loan program helped  
Natacha Kruger with her business  
Mama Bear Arts.

**See page 16 to read our client's profile!**





# PROGRAMS AND SERVICES

## VENTURE INVESTMENT PROGRAM

The Venture Investment Program is an equity financing program in which the BDIC invests in a client's business in return for preferred shares. The client pays dividends to the BDIC and buys back the preferred shares over time. Funding under this program is tied to the number of jobs created or maintained by the business.

At the end of 2015/16, the BDIC's Venture Investment Program portfolio totalled \$662,000 with businesses maintaining 19.75 direct employment positions.

# 19.75

Direct employment positions  
maintained by the Venture  
Investment Program



PORCUPINE QUILL BIRCH BASKETS AT ACHO DENE NATIVE CRAFTS, FORT LIARD

# PROGRAMS AND SERVICES

## SUBSIDIARY PROGRAM

The BDIC's Subsidiary Program is based on facilitating community ownership and supporting local subsidiary boards with the BDIC providing centralized functions in general operational support, accounting and marketing. In 2015/16, the BDIC operated five active subsidiaries:

- Arctic Canada Trading Company Ltd. (ACTCL)
- Acho Dene Native Crafts Ltd. (ADNC)
- Dene Fur Clouds Ltd. (DFC)
- 910344 NWT Ltd. operating as Fort McPherson Tent and Canvas (FMTC)
- 5983 NWT Ltd. operating as Ulukhaktok Arts Centre (UAC)

Three of the BDIC's subsidiaries are involved in traditional fine arts and crafts and the use of traditional materials, all of which support the local communities. The subsidiaries deal with markedly different product lines and are located in different and unique NWT regions. The BDIC, through the Arctic Canada Trading Company Ltd., markets the subsidiaries' arts and crafts through over 60 galleries and gift shops across Canada, as well as

in Alaska. The BDIC also promotes each subsidiary and their products through branding, advertising and distribution by way of web design and support, e-commerce and promotional videos, brochures, sales, and attendance at trade shows. With the assistance of Arctic Canada Trading Company\*, the BDIC's subsidiaries increased their sales to \$843,000, up 21% from last year.

In 2015/16, the BDIC's subsidiaries maintained 16.62 direct employees and supported 128 cottage craft producers.

*\*Arctic Canada Trading Company is operated by BDIC staff.*

# \$843,000

## Sales from the BDIC's subsidiaries in 2015/16

Subsidiary	Direct employment positions		Change	% Change
	2015-2016	2014-15		
ACTCL*	N/A	N/A	N/A	N/A
ADNC	1.59	1.43	0.16	11.19%
DFC	5.18	5.37	(0.19)	(3.54%)
FMTC	8.74	6.55	2.19	33.44%
UAC	1.11	0.96	0.15	15.63%
Total	16.62	14.31	2.31	16.14%

# PROGRAMS AND SERVICES

## SUBSIDIARY COMPANIES



**Fort McPherson**  
Tent & Canvas

Fort McPherson, NT  
[FortMcPhersonTent.com](http://FortMcPhersonTent.com)

Fort McPherson Tent and Canvas produces canvas tents, tipis, bags, backpacks and other canvas products.



**Ulukhaktok**  
Arts Centre

Ulukhaktok, NT  
[Ulukhaktok.com](http://Ulukhaktok.com)

Formely the Holman Print Shop, the Ulukhaktok Arts Centre is a company that is involved in the production and sale of carvings, prints and knitted products made in the community.



**Arctic Canada**  
Trading Company

[ArcticCanadaTrading.com](http://ArcticCanadaTrading.com)

Marketing the BDIC's subsidiaries and their products.

Northwest Territories



**Acho Dene**  
Native Crafts

Fort Liard, NT  
[Adnc.ca](http://Adnc.ca)

Acho Dene Native Crafts is a Fort Liard based company that is involved in the manufacturing and sales of clothing, jewelery accessories, souvenirs, baskets and other birch bark items made in the community.



**Dene Fur**  
Clouds

Fort Providence, NT  
[DeneFurClouds.com](http://DeneFurClouds.com)

Dene Fur Clouds is a Fort Providence based company that produces garments using sheared beaver, arctic hare, fox and lynx harvested mostly through the Genuine Mackenzie Valley Fur Program.



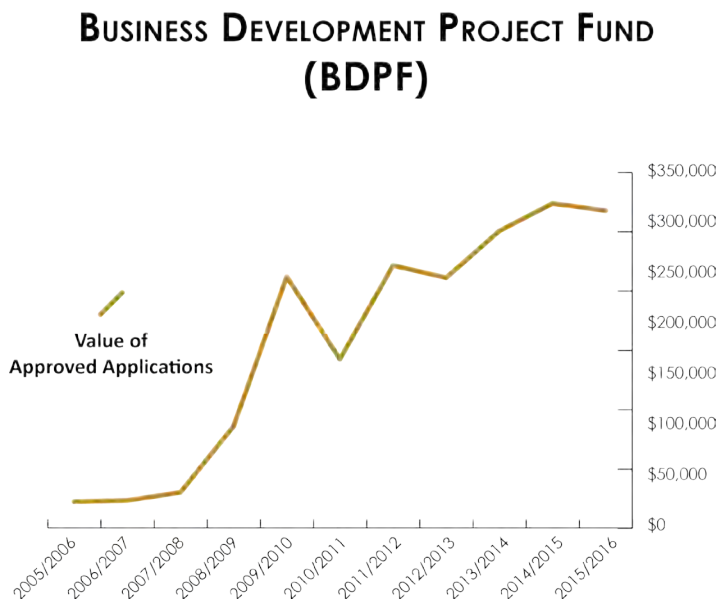
# PROGRAMS AND SERVICES

## CONTRIBUTION PROGRAM - BUSINESS DEVELOPMENT PROJECT FUND (BDPF)

The BDIC's contribution program provides funding to assist entrepreneurs in starting or expanding their business. In 2015/16, the BDPF Program was oversubscribed with the BDIC approving approximately \$311,000 in contributions.

Core BDPF can be used to help fund start-up expenses, expansion, raw materials (for arts and crafts production) and short-term projects that create employment. The maximum in any 5 year period is \$20,000 (\$10,000 for businesses in level I communities). Only businesses with \$500,000 or less in annual revenues are eligible to apply.

The BDPF Aftercare can provide businesses with contribution funding to purchase accounting software or services, succession planning and business training programs. The lifetime maximum for BDPF Aftercare Funding is \$5,000 (\$3,000 for businesses in level I communities).



47

Number of BDPF applications approved by the BDIC

### Our successful clients

Thanks to the BDPF, Amrik Kanwal was able to launch Monitor North. See page 17 to read our client's profile!



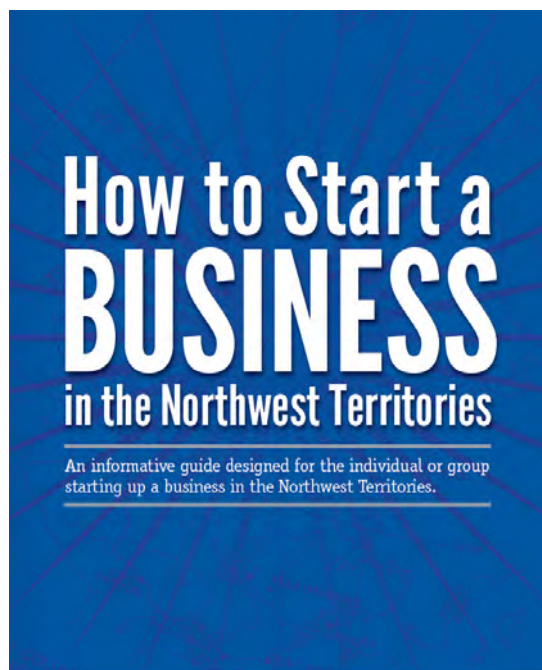


# PROGRAMS AND SERVICES

## Business Support Services

The BDIC provides business services to help people start and grow their business in the Northwest Territories.

In 2015-2016 the BDIC updated its guide *How to Start a Business in the NWT*. This guide provides new entrepreneurs with the information they need to start their business. The document contains information about licences and regulations in the NWT, support services available for entrepreneurs, information on writing a business plan, structuring a business and much more.



*How to Start a Business in the NWT* is available both in print and on the BDIC's website. It is currently being translated into French.

The BDIC is a member of the Canada Business Network, which provides start-ups and small businesses with a wide range of information and references about government services, programs and regulations. The BDIC operates Canada Business NWT (CBNWT) in partnership with the Canadian Northern Economic Development Agency (CanNor). CBNWT services are available online and through community partners to residents across the NWT.

Business services available include:

- Business resource library that is indexed online so that clients from any community can order a book/business resource and have it mailed to them
- 1-800 number that clients in NWT communities can call to get business information specific to their region
- CanadaBusiness.ca – content created and managed by CBNWT specifically for NWT residents
- Video and web conference sessions available to educate entrepreneurs
- Administration services and business planning resources available in person through the BDIC and partner organizations
- Coordination of Small Business Week in partnership with business stakeholders



# PROGRAMS AND SERVICES

## Business Support Services

48

Seminars, workshops or web conference hosted for NWT business clients

### SMALL BUSINESS WEEK

During the week October 18-24, the BDIC partnered with a number of organizations in the NWT to celebrate Small Business Week. The BDIC hosted 5 learning sessions and an open house to assist 29 NWT business people.

### MEETING WITH COMMUNITIES

In 2015/2016, the BDIC met with communities to present its programs and services and discuss economic opportunities. Communities visited included Inuvik, Tulita and Norman Wells.

418

Clients served by the BDIC's Canada Business Centre

## PARTNERSHIP WITH FUTURPRENEUR

In February 2016, the BDIC entered into a partnership with Futurpreneur Canada to bring more support opportunities for young and emerging entrepreneurs.

Thanks to this agreement, young business people from the NWT will have access to mentorship support and business bootcamps.



# CLIENT PROFILE

## Mama Bear Arts

Natacha Kruger-Rewega is used to thinking outside the canvas.

Since teaching herself to paint and draw at an early age, Kruger-Rewega has established herself as a force in the northern arts community.

She successfully transitioned into a career as a full-time artist based in Hay River. Now, she's looking to support other local creatives and fulfill a long-held dream by opening her own studio, Mama Bear Arts.

Kruger-Rewega plans to use the lower floor of Mama Bear Arts to display the works of other local artists, providing Hay River with a much-needed space for exposing art.

Upstairs, she'll be producing more of her own artwork, something she has done at a steady pace since working as a full-time artist.

Her paintings, many featuring the wildlife and



Many of Natacha Kruger-Rewega paintings are featuring the wildlife and natural landscape of the North.

natural landscapes of the north, have been selling as fast as she can make them.

Kruger-Rewega says Mama Bear Arts will have a "cabin feel to it," and will incorporate driftwood gathered from the shores of Great Slave Lake into its design. She's been turning driftwood into art for years, using it as a canvas for many of her works. "It's all over here," she argues; "it's kind of silly not to use it."

She first applied for funding through the BDIC when she was making her move to become a full-time artist, and received a contribution that helped pay for art supplies including paint and material for building canvases.

She says working with the BDIC has been "freaking amazing, every single time... they just believe in you, and it's awesome."



A wide selection of Natacha's art can be viewed on her Facebook page, Natacha Kruger Rewega Paintings.

***"Freaking amazing, every single time... they just believe in you, and it's awesome."***

# CLIENT PROFILE

## Monitor North

Frozen pipes. The nightmare of any home or business owner across northern Canada. Long and cold winters take a toll on our buildings, requiring regular monitoring to prevent costly breaks. It's with the objective of easing that task that Amrik Kanwal came up with the idea to start Monitor North.

"It started from a discussion with my son regarding how to prevent damage to equipment from freezing in the winter and reduce the operating costs of physically monitoring devices in hard to reach environments."

Coming from Zambia, Africa, Amrik worked in the electrical field. He immigrated to Yellowknife to join his brother who already lived here. Shortly after his arrival in the Northwest Territories, he cofounded City Cab. Then, a few years after going back to school, he started Monitor North with the help of his sons.



Monitor North's products allow customers to remotely monitor their home

"Since I had a lot of industrial automation experience, I decided to design a device which can automatically monitor equipment and detect water leaks on a property while the owner is away," explained Amrik. During that same period, one of his sons was working on the launch of the 4G network across the NWT.

They quickly saw the potential of combining the new cellular reach with industrial automation technologies. They started working on prototypes, wanting to create products that were cost effective but also built to an industrial grade. Monitor North's main product

is the Smart Asset Monitor (SAM) controller which can be used to remotely monitor, control and detect equipment failure to avoid costly situations. Thanks to the cellular system, SAM can make sure the equipment is working properly and notify the owner of any incident like freezing, power failure or breakdowns even when that equipment is out of traditional internet zones.

The SAM controller is highly customizable, and can also monitor air quality and even control equipment. "The options we can provide to customers are truly endless because of configurations and installation range we have access to," Kanwal specified, "wherever a cellphone works, SAM works."

The business also markets a failover network

product, which provides instantaneous backup internet connections for businesses and a home automation controller.

The help Kanwal received from the BDIC was instrumental in the launch of his business. "With the BDIC's guidance and financial support, we were able to focus on getting Monitor North off the ground." Kanwal also found the BDIC application process to be useful in the long term for his business.

"We took the time to work on the application and documentation required to get funding support. It really helped us stay on track with the business. We still refer to those documents to make sure we stay on the track."

***"With the BDIC's guidance and financial support, we were able to focus on getting Monitor North off the ground"***



# 10TH ANNIVERSARY

## CELEBRATING 10 YEARS SERVING BUSINESSES



2015/16 marked the 10th anniversary of the founding of the Northwest Territories Business Development and Investment Corporation. It was created on April 1, 2005, with the merger of the NWT Credit Corporation and the NWT Development Corporation.

Throughout the year, the BDIC took part in several events to highlight its results over the past decade and the important role it plays in the economic prosperity of the Northwest Territories.

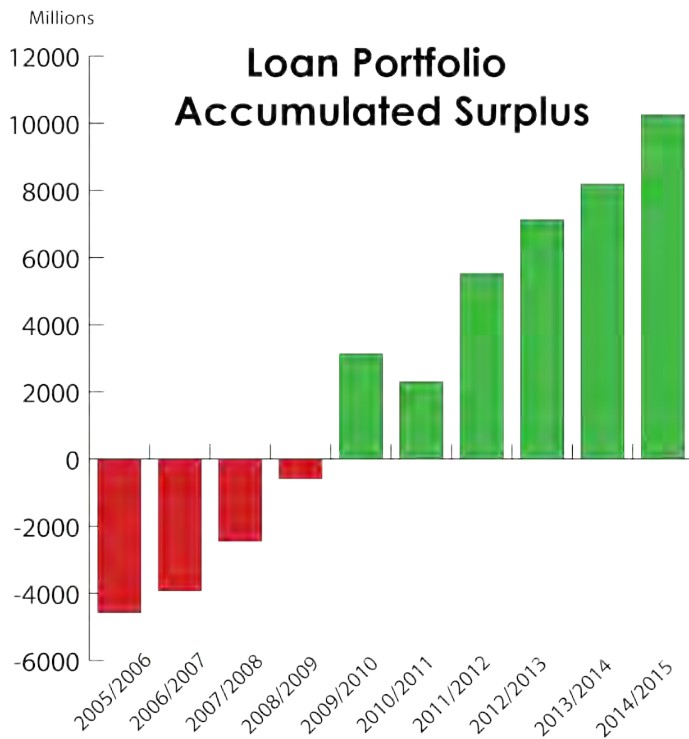
Looking to the future, the BDIC intends to build on its success to bring new initiatives that will assist business prosperity in the Northwest Territories. The corporation is looking into projects on micro-financing, community banking, mentorship program and business incubator to the Northwest Territories.

During its first 10 years in operation, the BDIC has:

- Provided **\$71.4 million** in assistance to businesses in all **33 NWT communities**.
- Provided financial assistance to more than **400 accounts**
- Created over **630 person year jobs** through subsidiaries and venture investments
- Paid more than **\$13.8 million in salary** to subsidiary and venture investment employees
- Expanded subsidiary points of sale to **over 50 galleries and gift shops** across Canada
- Pioneered video and web conferencing delivery and hosted business learning seminars for **over 1,000 participants**
- Collected on bad debts inherited from inception and reduced our loan loss provision from **21.5%** to **13%**

# 10TH ANNIVERSARY

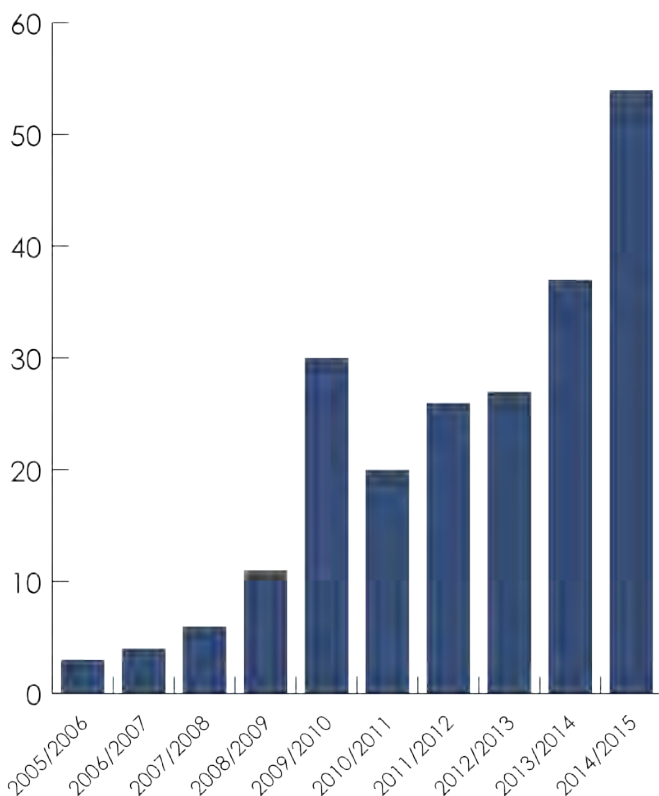
## CELEBRATING 10 YEARS SERVING BUSINESSES



**\$10.6M**

The BDIC's loan portfolio had a **\$4.6 million shortfall** at the end of the 2005-2006 fiscal year. By 2015, that shortfall had been turned into a **\$10.3 million surplus.**

### APPROVED BDPF APPLICATIONS



**200**

From 2005 to 2015, the BDIC has approved over **200 clients for BDPF**. The corporation distributed **\$1.6 million** in funding through the program

# WRITE-OFFS AND FORGIVENESS

The BDIC's Board of Directors may approve the write-off of its accounts under \$50,000. Write-offs over \$50,000 can be approved by the Financial Management Board (FMB). Written-off accounts can still be collected but are assigned a zero value in the BDIC's financial statements.

Accounts under \$500 may be approved for

forgiveness by the BDIC Board. FMB may forgive accounts over \$500. A forgiven account is assigned a zero value in the BDIC's financial statements and the Corporation is no longer able to collect the amount.

In 2015-16, four accounts were written-off and no accounts were forgiven.

## Debts Written-off by the Board of Directors

Blizzard Mobile Mechanical services Ltd. - Fort Liard	12,483.67
Leonard Buckley (o/a Buck's Firewood Logging) - Fort Smith	18,475.73
	<b>30,959.40</b>

## Debts Written-off by the Financial Management Board

89622 NWT Ltd (o/a Taiga Tour Company) - Fort Smith	185,311.10
South Slave Paving Ltd. - Hay River	142,131.85
	<b>327,442.95</b>

<b>Total</b>	<b>358,402.35</b>
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# Disbursements

*The BDIC disbursed funds to the following NWT businesses during the 2015/16 fiscal year.*

<b>Business Name</b>	<b>Owners</b>	<b>Community</b>	<b>Program</b>	<b>Total Amount Disbursed</b>
5983 NWT Ltd. (o/a Ulukhaktok Arts Centre)	BDIC	Ulukhaktok	Subsidiary	90,000.00
913044 NWT Ltd. (o/a Ft. McPherson Tent and Canvas)	BDIC	Fort McPherson	Subsidiary	250,000.00
Acho Dene Native Crafts Ltd.	BDIC	Fort Liard	Subsidiary	150,000.00
Dene Fur Clouds Ltd.	BDIC	Fort Providence	Subsidiary	100,000.00
Arctic Canada Trading Company Ltd.	BDIC	Yellowknife	Subsidiary	50,000.00
Noda Enterprises td.	Ka'a'gee Tu First Nation	Kakisa	Credit	85,000.00
P.R. Contracting Ltd.	Rowe, Sandra and Rowe, Patrick	Fort Simpson	Credit	895,500.00
953781 NWT Ltd.	Perino, Jason and Snow, Colin	Yellowknife	Credit	899,500.00
Redvers, Nicole (o/a Gaia Integrative Clinic)	Redvers, Nicole	Yellowknife	Credit	193,015.76
Korea House	Chung, He Yong (Anna), Son, Catherine and Son, Moon-Ho (Philip)	Yellowknife	Credit	158,490.00
Northwestern Air Lease Ltd.	Harrold, Brian and Harrold, Terry	Fort Smith	Credit	500,000.00
Young, Laurie (o/a The Rusty Raven Gallery & Gift)	Young, Laurie	Fort Smith	Credit	330,000.00
GFB Ventures Ltd	Schofield, Taralynn and Schofield, Kelly	Hay River	Credit	526,037.24
NU Mechancial Inc.	Utman, Newely	Fort Smith	Credit	99,945.00
Kruger, Natacha (o/a Mama Bear Arts)	Kruger, Natacha	Hay River	Credit	66,165.00
Ouellet, Andre	Ouellet, Andre	Inuvik	Credit	359,684.82
Beauford Delta Petroleum Ltd.	Northern Transportation Company Limited	Inuvik	Credit	1,940,000.00
Van Der Wielen, Hannah (o/a Van Der Wielen Consulting )	Van Der Wielen, Hannah	Behchoko	Contribution	2,030.95
Landry, Loretta (o/a Nina & Associates)	Landry, Loretta and Landry, Jonas	Fort Providence	Contribution	2,100.00
Villebrun, Greta	Villebrun, Greta	Tsiigehtchic	Contribution	2,806.08



# Disbursements

Business Name	Owners	Community	Program	Total Amount Disbursed
Wilson, Helen	Wilson, Helen	Fort McPherson	Contribution	3,830.20
Alexie, Connie Marie	Alexie, Connie Marie	Fort McPherson	Contribution	6,238.57
Francis, Bertha	Francis, Bertha	Fort McPherson	Contribution	3,978.50
McPherson, Rose	McPherson, Rose	Fort McPherson	Contribution	4,606.70
Snowshoe, Sarah	Snowshoe, Sarah	Fort McPherson	Contribution	2,647.50
Snowshoe, Martha Ellen	Snowshoe, Martha Ellen	Fort McPherson	Contribution	2,346.50
Semple, Ashton	Semple, Ashton	Aklavik	Contribution	20,000.00
Greenland, Bella	Greenland, Bella	Fort McPherson	Contribution	(855.42)
Bellefontaine, Troy (o/a Beauty Mark)	Bellefontaine, Troy	Fort Simpson	Contribution	15,421.25
953781 NWT Ltd.	Perino, Jason and Snow, Colin	Yellowknife	Contribution	1,800.00
Monitor North Inc.	Kanwal, Amrik	Yellowknife	Contribution	278.40
Campbell, Thea	Campbell, Thea	Yellowknife	Contribution	292.98
Planit North	Wenman, Christine	Yellowknife	Contribution	10,000.00
Nicol, Rosanna (o/a Nicol & Co.)	Nicol, Rosanna	Yellowknife	Contribution	4,304.00
Walden, Jennifer	Walden, Jennifer	Yellowknife	Contribution	10,000.00
Territorial Source & Supply Ltd. (o/a Polar Planning)	Cleveland, Colin	Yellowknife	Contribution	8,565.24
Arctic Morels Canada	Matthews, Andrew and Matthews, Brendan	Yellowknife	Contribution	9,870.00
Maund, Cara Amy (o/a Laughing Lichen Wildcrafted Herb & Tea)	Maund, Cara Amy	Yellowknife	Contribution	9,999.70
North of Sixty Quilting Services	Griffore, Anita and McGurran, Marilyn	Yellowknife	Contribution	10,632.00

# Disbursements

Business Name	Owners	Community	Program	Total Amount Disbursed
Rare Earth Productions Inc.	Geraghty, Ashley	Yellowknife	Contribution	9,637.57
MacDougall, Kelsey (o/a N60° Interiors)	McDougal, Kelsey	Yellowknife	Contribution	4,730.00
Balakrishnan, Janaki (o/a Envision)	Balakrishnan, Janaki	Yellowknife	Contribution	7,897.04
Schindel, Julie (o/a Julu Designs)	Schindel, Julie	Yellowknife	Contribution	10,000.00
Pool, Annelies (o/a Prelude Editorial)	Pool, Annelies	Yellowknife	Contribution	9,832.92
Paul Bros Nextreme Ltd.	Paul, Edward	Yellowknife	Contribution	2,500.00
Ward, Alayna (o/a Award Communications)	Ward, Alayna	Yellowknife	Contribution	2,908.44
Ry-Lo Express Ltd.	Cunningham, Alan	Yellowknife	Contribution	6,060.00
Skelton, Jennifer (o/a Align)	Skelton, Jennifer	Yellowknife	Contribution	6,820.39
Stephenson, Gordon (o/a North Sky Consulting)	Stephenson, Gordon	Yellowknife	Contribution	10,000.00
Maillet, Joel (o/a Avalanche Ice Works)	Maillet, Joel	Yellowknife	Contribution	3,822.72
Global Storm LLC	Marshall, Kirby	Yellowknife	Contribution	10,000.00
Stephens, David (o/a Borealis Bike Tours Unlimited)	Stephens, David	Yellowknife	Contribution	10,000.00
Noda Enterprises Ltd.	Ka'a'gee Tu First Nation	Hay River	Contribution	20,000.00
Mavrick Enterprises	Teng, Yong and Gross, Thomas	Hay River	Contribution	539.98
Lepage, Simon (o/a Lepage Productions)	Lepage, Simon	Hay River	Contribution	5,346.03
Hogan, Charlotte (o/a The Wilderness Bistro & Deli)	Hogan, Charlotte	Hay River	Contribution	4,117.97
Firth, Donna Maye	Firth, Donna Maye	Inuvik	Contribution	7,390.00
Moore, Carol (o/a Carol's Quilts)	Moore, Carol	Inuvik	Contribution	8,190.81

**TOTAL: 6,964,024.84**

# FINANCIALS

**Northwest Territories Business Development and Investment Corporation**

**Consolidated Financial Statements**

**For the year ended**

**March 31, 2016**

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## Northwest Territories Business Development and Investment Corporation

### Management's Responsibility for Financial Reporting

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The accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation (the Corporation) are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these consolidated financial statements.

In discharging its responsibility for the integrity, fairness and quality of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, proper records are maintained, and the Corporation complies with applicable laws and conflict of interest rules. These controls and practices help to ensure the orderly conduct of business, the accuracy of the accounting records, the timely preparation of financial information, and adherence to the Corporation's policies and statutory requirements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility through the Audit Committee, which is comprised of directors who are not employees of the Corporation. The Audit Committee meets with management on a regular basis. The external auditors also have full and free access to the Audit Committee.

The Corporation's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and consolidated financial statements of the Corporation and for issuing his report thereon.



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Pawan Chugh  
Chief Executive Officer



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Leonard Kwong  
Director, Finance and Subsidiaries

August 29, 2016





## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Business Development and Investment Corporation

### Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

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

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

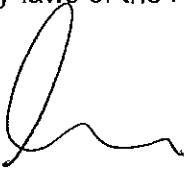
*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Business Development and Investment Corporation as at 31 March 2016, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Report on Other Legal and Regulatory Requirements**

I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

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



Guy LeGras, CPA, CA  
Principal  
for the Auditor General of Canada

29 August 2016  
Edmonton, Canada

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**Northwest Territories Business Development and Investment Corporation****Consolidated Financial Statements (March 31, 2016)**

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Financial Position (000's)**

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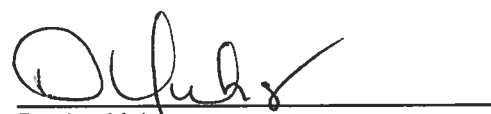
	March 31, 2016	March 31, 2015
	\$	\$
<b>Financial Assets</b>		
Cash (Note 3)	15,608	17,166
Accounts receivable	120	132
Inventories held for resale (Note 4)	553	525
Loans receivable (Notes 5 and 6)	39,209	36,844
Venture investments (Note 7)	7	18
	<u>55,497</u>	<u>54,685</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 11)	1,387	1,142
Cash security payable (Note 8)	-	2,006
Post-employment benefits (Note 9)	306	448
Advances from the Government (Note 10)	25,115	26,274
Asset retirement obligations	24	13
	<u>26,832</u>	<u>29,883</u>
<b>Net financial assets</b>	<u>28,665</u>	<u>24,802</u>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	281	260
Prepaid expenses	1	13
	<u>282</u>	<u>273</u>
<b>Accumulated surplus</b>	<u>28,947</u>	<u>25,075</u>

Commitments and contingencies (Notes 13 and 14)

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.*

**Approved by:**

  
Darrell Beaulieu  
Chairperson of the Board of Directors

  
Denise Yuhas  
Chairperson of the Audit Committee



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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Change in Net Financial Assets (000's)**

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<b>For the year ended March 31</b>	<b>Budget 2016</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Annual surplus	2,279	3,872	2,689
Acquisition of tangible capital assets	-	(53)	-
Amortization of tangible capital assets	26	32	95
Gain on sale of tangible capital assets	-	-	(148)
Proceeds on sale of tangible capital assets	-	-	150
	26	(21)	97
Acquisition of prepaid expenses	-	(1)	(13)
Use of prepaid expenses	-	13	6
	-	12	(7)
Increase in net financial assets	2,305	3,863	2,779
<b>Net financial assets, beginning of year</b>	<b>24,802</b>	<b>24,802</b>	<b>22,023</b>
<b>Net financial assets, end of year</b>	<b>27,107</b>	<b>28,665</b>	<b>24,802</b>

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.*

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Operations and Accumulated Surplus (000's)**

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<b>For the year ended March 31</b>	<b>Budget 2016</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
	\$	\$	\$
<b>Revenues</b>			
Interest on loans receivable	2,350	3,153	2,111
Sales and other income	717	911	748
Interest on pooled cash (Note 3)	160	151	168
Gain on sale of tangible capital assets	-	-	148
Recovery of venture investments	-	-	49
Dividends	2	2	8
	3,229	4,217	3,232
Government transfers (Note 11)	4,626	4,311	4,370
	7,855	8,528	7,602
<b>Expenses (Note 12)</b>			
Lending and investments	4,305	3,134	3,528
Retail and manufacturing	1,271	1,522	1,385
	5,576	4,656	4,913
<b>Annual surplus</b>	<b>2,279</b>	<b>3,872</b>	<b>2,689</b>
<b>Accumulated surplus, beginning of year</b>	<b>25,075</b>	<b>25,075</b>	<b>22,386</b>
<b>Accumulated surplus, end of year</b>	<b>27,354</b>	<b>28,947</b>	<b>25,075</b>

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.*

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**Northwest Territories Business Development and Investment Corporation****Consolidated Statement of Cash Flows (000's)**

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<b>For the year ended March 31</b>	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Operating transactions</b>		
Cash received from:		
Governments	3,626	3,164
Customers	979	745
Interest	2,286	2,030
Dividends	2	8
	6,893	5,947
Cash paid for:		
Compensation and benefits	2,535	1,943
Payments to suppliers	1,428	1,780
Interest on advances from the Government	142	259
Grants and contributions	271	301
	4,376	4,283
<b>Cash provided by operating transactions</b>	<b>2,517</b>	<b>1,664</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(53)	-
Proceeds on sale of tangible capital assets	-	150
<b>Cash (used for) provided by capital transactions</b>	<b>(53)</b>	<b>150</b>
<b>Investing transactions</b>		
Loans receivable disbursed	(5,962)	(4,589)
Loans receivable repaid	5,093	4,621
Proceeds from security	-	2,006
Release of the proceeds from security (Note 8)	(2,006)	-
Redemptions of venture investments	11	97
<b>Cash (used for) provided by investing transactions</b>	<b>(2,864)</b>	<b>2,135</b>
<b>Financing transactions</b>		
Repayment of advances from the Government	(1,158)	(1,741)
<b>Cash used for financing transactions</b>	<b>(1,158)</b>	<b>(1,741)</b>
<b>(Decrease) Increase in cash</b>	<b>(1,558)</b>	<b>2,208</b>
Cash, beginning of year	17,166	14,958
<b>Cash, end of year</b>	<b>15,608</b>	<b>17,166</b>

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.*

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# Northwest Territories Business Development and Investment Corporation

## Notes to the Consolidated Financial Statements March 31, 2016

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### 1. The Corporation

#### (a) Authority

The Northwest Territories Business Development and Investment Corporation (the Corporation) was established on April 1, 2005 pursuant to the *Northwest Territories Business Development and Investment Corporation Act* (the Act).

The Corporation is a territorial corporation of the Government of the Northwest Territories (the Government) named in Schedule B of the *Financial Administration Act* (the FAA). Accordingly, the Corporation operates in accordance with Part 3 of the FAA, the Act and its regulations, and any directives issued to it by the Minister responsible for the Corporation (the Minister) under Section 4 of the Act.

#### (b) Mandate

The mandate of the Corporation is to support the economic objectives of the Government by encouraging the creation and development of business enterprises in the Northwest Territories and by providing information and financial assistance to, and making investments in, such enterprises.

#### (c) Government transfers and advances

In accordance with Section 30 of the Act, the Corporation must annually submit a corporate plan, operating budget and capital budget identifying the transfers requested from the Government for approval by the Financial Management Board (the FMB) prior to the commencement of the fiscal year. The transfers received from the Government are for the purposes of financing the Corporation's general operations; making capital investments in, and providing working capital advances and operating subsidies to, business enterprises based on need; providing transfers for business development projects; and purchasing tangible capital assets for the Corporation. The transfers are repayable to the Government if not completely spent within the fiscal year in which they were provided.

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

Section 26 of the Act also authorizes the Government to advance to the Corporation an amount out of the Consolidated Revenue Fund not exceeding \$150 million for the purposes of providing financial assistance to, or making investments in, business enterprises. These advances are repayable to the Government on demand.

#### (d) Taxes

The Corporation and its organizations are exempt from the payment of municipal and territorial taxes pursuant to Section 35 of the Act and federal income tax pursuant to Section 149 of the *Income Tax Act* of Canada.

#### (e) Budget

The consolidated budget figures have been derived from the budgets approved by the FMB and the Corporation's board of directors. Other budgeted amounts have been approved by the Corporation's senior management.



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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2016**

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**2. Summary of significant accounting policies**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board (the PSAB).

**(a) Measurement uncertainty**

The preparation of the consolidated financial statements, in accordance with PSAS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect on the consolidated financial statements of changes to such estimates and assumptions in future periods could be significant, although at the time of preparation of these consolidated financial statements, management believes the estimates and assumptions to be reasonable.

The more significant estimates relate to the determination of the allowance for credit losses, the provision for termination and removal benefits, and services received without charge. A variation in the quality of the loan portfolio or economic conditions under which these estimates are made could result in significant changes in these management estimates.

The significant accounting policies followed by the Corporation in the preparation of these consolidated financial statements are summarized below:

**(b) Principles of consolidation**

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity, which includes the Corporation and the organizations it controls. All inter-entity transactions and balances have been eliminated upon consolidation. These consolidated financial statements include the accounts of the following organizations:

<b>Organization</b>	<b>Location</b>	<b>Percentage Ownership</b>	<b>Incorporation Date</b>
<b>Light manufacturing</b>			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NT	100%	September 25, 1991
Aklavik & Tuktoyaktuk Furs Ltd.	Tuktoyaktuk, NT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NT	100%	December 18, 1997
<b>Fine arts and souvenirs</b>			
Acho Dene Native Crafts Ltd.	Fort Liard, NT	100%	October 15, 1992
5983 N.W.T. Ltd. (o/a Ulukhaktok Arts Centre)	Ulukhaktok, NT	100%	February 12, 2008
<b>Wholesale/retail stores</b>			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
<b>Muskox Harvesting</b>			
6355 N.W.T. Ltd.	Sachs Harbour, NT	100%	May 12, 2011

**2. Summary of significant accounting policies (continued)****(c) Cash**

Cash is comprised of bank account balances (net of outstanding cheques). Surplus cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets which can be withdrawn at any time, and are not restricted by maturity dates on investments made by the Government. Cash also includes funds and reserves subject to restrictions as described in Note 3.

**(d) Inventories**

Inventories held for resale consist of finished goods, work-in-process and raw material and are carried at the lower of cost and net realizable value, with cost being determined on a first in, first out basis.

**(e) Loans receivable**

Loans receivable are initially recognized at cost. Valuation allowances are used to adjust the carrying amount of loans receivable to the lower of cost and net recoverable value. Loans are classified as impaired when, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. When payment is three months past due (unless the loan is fully secured), or six months past due (regardless of whether or not the loan is fully secured), the underlying loan is classified as impaired.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated net recoverable value through an adjustment to the allowance for credit losses. Changes in the estimated net recoverable value arising subsequent to initial impairment are adjusted through the allowance for credit losses.

Interest income is recognized on an accrual basis using the effective interest rate method until such time as the loan is classified as impaired. All payments received (i.e. recoveries) on an impaired loan are credited against the carrying amount of the loan and recognized as an adjustment to the allowance for credit losses. The loan reverts to performing status when all provisions for credit losses are reversed and, in management's opinion, the ultimate collection of principal and interest is reasonably assured. At that time, previously non-accrued interest income is recognized as interest income.

Under the provisions of the updated FAA that came into effect on April 1 2016, the authority to approve write-offs and forgiveness above a certain threshold has been delegated to the FMB by the Legislative Assembly. An account (loan or venture investment) can only be approved for write-off by either the Board of Directors (\$50,000 or less) or the FMB (over \$50,000). An account that has been written off is still subject to collection action. An account can only be approved for forgiveness by the Board of Directors (\$500 or less) or the FMB (over \$500). Once an account has been forgiven, no further collection action is possible.

Prior to the FAA update, an account can only be approved for write-off by either the Board of Directors (\$20,000 or less) or the Legislative Assembly (over \$20,000); and forgiveness by the FMB (\$1,000 or less) or the Legislative Assembly (over \$1,000).

**2. Summary of significant accounting policies (continued)****(f) Allowance for credit losses**

The allowance for credit losses represents management's best estimate of the probable credit losses existing in the loan portfolio. In determining the allowance for credit losses, management segregates probable credit losses into two components: specific and general.

The specific allowance is established on an individual loan basis to recognize credit losses. When a loan is considered impaired, the carrying amount of the loan is reduced to its estimated net recoverable value by discounting the expected future cash flows at the effective interest rate inherent in the loan. If the expected future cash flows cannot be reasonably determined, the fair value of the underlying security of the loan is used to determine net recoverable value.

The general allowance is established using management's best judgement to reflect the probable losses on performing loans which cannot yet be specifically identified as impaired. The general allowance is based on the Corporation's historical loan loss experience, aggregate exposure to particular industries or geographical regions and prevailing economic conditions.

The allowance for credit losses is an accounting estimate based on historical loan loss experience and an assessment of current economic conditions. Events may occur that render the underlying assumptions invalid and thus cause actual credit losses to vary significantly from management's best estimate.

The allowance is increased or decreased by changes in the estimated net recoverable values during the current period and is reduced by recoveries and loan write-offs.

**(g) Venture investments**

Venture investments are recognized at cost less any write-downs to reflect impairment in value.

Gains and losses on disposal are recognized in income when realized. Where there has been a significant and other than temporary decline in value, the investment is written down to recognize the loss. Dividends from venture investments are included in revenue when received. When they are received they are deposited to the Venture Investment Fund to be used for additional investments in venture activities.

There is no active quoted market.

**(h) Asset retirement obligations**

The fair value of an asset retirement obligation is recognized in the period in which the obligation is incurred and is discounted from the expected date of settlement back to its present value using the Corporation's credit-adjusted risk-free rate. The fair value of the estimated obligation is recognized as a liability, with a corresponding increase in the carrying amount of the related asset.

The costs capitalized to the related assets are amortized to earnings in a manner consistent with the amortization of the underlying asset. The liability amount is increased in each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of a retirement obligation are charged against the obligation to the extent of the liability recognized.

**2. Summary of significant accounting policies (continued)****(i) Government transfers**

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

The Government provides certain services without charge to the Corporation. The estimated cost of these services is recognized as services received without charge, which is included in government transfers, and is included in the Corporation's expenses.

**(j) Employee future benefits**

i) **Pension benefits:** Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover 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 employees have rendered service and represent the total pension obligation of the Corporation.

ii) **Termination and removal benefits:** Employees are entitled to termination benefits and reimbursement of removal costs, as provided for under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these benefits is accrued as employees render the services necessary to earn them. Termination benefits are also recognized when employees are identified for lay-off. The cost of the benefits has been determined based on an actuary assessment.

**(k) Tangible capital assets**

Tangible capital assets are carried at cost less accumulated amortization and write-downs. Amortization is recognized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Vehicle and Equipment	4 years
Leasehold improvements	4 years
Computer equipment	4 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and 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 accounted for as expenses in the consolidated statement of operations.

**2. Summary of significant accounting policies (continued)****(l) Financial instruments**

The Corporation's financial instruments consists of cash, accounts receivable, loans receivable, venture investments, accounts payable and accrued liabilities, cash security payable, and the advances from the Government. These financial instruments are measured at cost.

**(m) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change net financial assets during the year.

**(n) Segment disclosure**

The Corporation presents segment information for lending and investment and retail and manufacturing activities. Lending and investment represents the activities of the Corporation and retail and manufacturing represents the activities of the organizations the Corporation controls. All revenues except for sales and other income are generated from lending and investment activities.

**(o) Future accounting changes**

In June 2015, the PSAB issued three new sections that apply to fiscal years beginning on or after April 1, 2017 with earlier adoption permitted. The Corporation is currently assessing the impacts of the following three sections:

- (i) Section PS 3210, "Assets":** This section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed.
- (ii) Section PS 3320, "Contingent assets":** Contingent assets was issued to define and establish disclosure standards on contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That certainty will ultimately be resolved when one or more future events not wholly within the Corporation's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- (iii) Section PS 3380, "Contractual rights":** Contractual rights was issued to define and establish disclosure standards on contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements will result in both an asset and revenue in the future. Disclosure about contractual rights is required including a description about their nature, extent and timing.

**3. Cash**

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for employee future benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of



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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**3. Cash (continued)**

high grade, short-term income producing assets. Cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service Limited. The Corporation's average investment yield was 1.08% during the year (2015: 1.13%).

In accordance with Section 27 of the Act, the Corporation is required to establish a Loan and Investments Fund for its lending and investing activities. The Program, Projects and Services Continuation Regulations (Regulations) of the Corporation specifies in Part 1 Section 4 (2), that a Loans and Bonds Fund will be used to record the lending operations while in Part 2 Section 19 (2), a Venture Investment Fund will be used to record the venture investment operations. Furthermore, under the Regulations Part 2 Section 18 (2), the Corporation has the obligation to continue to maintain a Capital Fund and the Subsidy Fund.

In addition to these funds, the Corporation is required under the Regulations Part 2 Sections 18 (6) and 19 (5) to establish a Capital Reserve Fund and Venture Reserve Fund respectively. The Corporation will continue to deposit to the reserve funds an amount equal to 10% of each capital or venture investment made. The Corporation may use the reserve funds for further investment or financing for its organizations and venture investments through approved drawdowns.

The Corporation is responsible for administering post-employment benefits including the cash held (Note 9b).

	000's	
	2016	2015
	\$	\$
Cash held by the Corporation for operations	6,797	6,270
Cash held by the Corporation's organizations	1,253	1,207
Cash held for post-employment benefits	306	448
	8,356	7,925
Venture Investment Fund	4,182	4,170
Capital Fund	873	873
Subsidy Fund	488	462
Venture Reserve Fund	486	485
Loans and Bonds Fund (Note 8)	1,076	3,104
Capital Reserve Fund	147	147
	7,252	9,241
	<b>15,608</b>	<b>17,166</b>

# Northwest Territories Business Development and Investment Corporation

## Notes to the Consolidated Financial Statements March 31, 2016

### 4. Inventories

	000's	
	2016	2015
	\$	\$
<b>Inventories held for resale:</b>		
Arts and crafts	309	330
Canvas products	244	195
	<b>553</b>	<b>525</b>

During the year, \$79,000 of inventories were written down (2015: \$91,000) and no inventories were pledged as security. Also during the year, the Corporation had no recoveries on inventory that had been previously written down to nil carrying value (2015: nil). Inventory write-downs and recoveries are included in the cost of goods sold.

### 5. Loans receivable

The Corporation provides variable and fixed rate loans for periods up to five years with the amortization period not to exceed twenty-five years.

The Corporation charges its clients prime plus 2%, 3%, or 4%, depending on the security provided, client's management ability, the client's investment, and the amortization period. The Corporation holds various types of security on its loans, including real property, aircraft, heavy equipment, and general security agreements.

Loans receivable are expected to mature as follows:

		000's			
		2016		2015	
		Rate	Balances	Rate	Balances
		%	\$	%	\$
Performing loans due within:	1 year	5.10	11,932	5.23	3,666
	1-2 years	5.78	4,034	5.18	14,159
	2-3 years	5.34	3,665	5.78	4,251
	3-4 years	5.44	6,943	5.35	4,026
	over 4 years	5.46	11,785	5.49	8,956
			38,359		35,058
	Accrued loan interest receivable		166		176
	Impaired loans		5,825		7,388
			44,350		42,622
	Less: allowance for credit losses (Note 6)		5,141		5,778
			<b>39,209</b>		<b>36,844</b>

In 2016, two accounts totalling \$327,000 were written off by the FMB (2015: none by the FMB and \$145,000 by the Legislative Assembly) and two accounts totalling \$31,000 were written off by the Board of Directors (2015: nil). In 2016, no accounts were forgiven by the FMB (2015: none by the FMB and

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**5. Loans receivable (continued)**

\$70,000 by the Legislative Assembly). In 2016, recoveries on loans previously written off totalled \$3,000 (2015: \$20,000).

**Concentration of credit risk**

Concentration of credit risk may arise from exposure to groups of debtors having similar characteristics such that their ability to meet their obligations may be affected similarly by changes in economic or other conditions. The concentrations of performing loans and impaired loans by geographic and enterprise concentrations are displayed in the following tables:

**Enterprise concentration**

<b>Enterprise</b>	<b>000's</b>			
	<b>2016</b>		<b>2015</b>	
	<b>Performing</b>	<b>Impaired</b>	<b>Performing</b>	<b>Impaired</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Construction	7,679	142	8,256	541
Retail trade	6,339	584	6,578	703
Accommodations, food and beverage	6,159	1,790	4,224	2,314
Transportation and storage	4,564	124	4,656	19
Real estate and rentals	4,535	-	3,869	-
Business services	2,225	-	379	-
Wholesale trade	2,212	-	2,449	-
Other services	1,507	169	772	314
Manufacturing	734	26	1,196	26
Management of companies	676	-	797	-
Communication	437	-	467	-
Finance and insurance	432	609	455	820
Health care	414	-	225	-
Arts and craft	392	-	169	-
Travel and Tourism	32	1,667	536	1,764
Forestry and logging	22	-	30	-
Oil and gas	-	617	-	790
Educational services	-	59	-	59
Fisheries and wildlife	-	38	-	38
	<b>38,359</b>	<b>5,825</b>	<b>35,058</b>	<b>7,388</b>

The loans receivable balance contains one loan, totalling \$20,000, made to a venture investee (2015: \$39,000). This loan is in addition to the venture investments shown in Note 7.

## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2016

#### 5. Loans receivable (continued)

##### Geographic concentration

Region	000's			
	2016		2015	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
South Slave	18,331	2,007	18,352	2,635
Dehcho	7,048	84	6,616	88
North Slave	7,394	3,141	6,266	3,774
Inuvik	3,605	428	1,944	542
Sahtu	1,981	165	1,880	349
	<b>38,359</b>	<b>5,825</b>	<b>35,058</b>	<b>7,388</b>

The following table illustrates performing loans outstanding classified by the Corporation's credit risk rating system:

Credit risk rating	000's	
	2016	2015
	\$	\$
Low	22,666	22,568
Medium	15,090	10,705
High	603	1,785
	<b>38,359</b>	<b>35,058</b>

The Corporation considers a loan past due when a client has not made a payment in accordance with the payment terms. The following table presents the carrying value of loans that are past due but not classified as impaired because they did not meet the criteria of impairment:

Loans past due but not impaired	000's	
	2016	2015
	\$	\$
31 – 60 days	-	147
61 – 90 days	-	239
Over 90 days	-	-
	-	<b>386</b>

The risk exposure relating to loans is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of the Northwest Territories. To mitigate this risk, the Corporation limits the concentration of loans with any individual client. Under its regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is \$2 million. Amounts greater than \$2 million must be approved by the FMB. There were no loans approved by the FMB in 2016 (2015: nil).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**6. Allowance for credit losses**

	000's	
	2016	2015
	\$	\$
Balance, beginning of year	5,778	6,399
Provision for credit losses	126	185
Loans written off or forgiven	(167)	(215)
Recoveries from repayments	(596)	(591)
<b>Balance, end of year</b>	<b>5,141</b>	<b>5,778</b>
Comprised of:		
Specific allowance	4,374	5,077
General allowance	767	701
	<b>5,141</b>	<b>5,778</b>

**7. Venture investments**

The Corporation's portfolio of venture investments is focused on providing financing in the form of preferred shares and debt to companies in the Northwest Territories. As at March 31, 2016, the Corporation does not have significant influence in the companies in which it has invested.

	000's	
	2016	2015
	\$	\$
Balance, beginning of year	18	66
Recoveries	-	49
Redemptions	(11)	(97)
<b>Balance, end of year</b>	<b>7</b>	<b>18</b>

The total cumulative venture investments at March 31, 2016 was \$661,000 (2015: \$672,000) with accumulated write-downs of \$654,000 (2015: \$654,000). In 2016, no venture investments were approved for write-off by the FMB (2015: none by the FMB and \$700,000 by the Legislative Assembly).

**Preferred shares and dividends**

Investments in preferred shares carry the right of conversion to common shares. This right, if exercised, may result in the holding of a controlling interest under certain circumstances. Preferred shares are redeemable at the option of the Corporation, and earn dividends at variable rates. Investment yields vary from year to year due to the amount and timing of the dividends received.

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2016**

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**8. Cash security payable**

The Corporation released \$2,006,000 from realization of a life insurance policy it received in 2015 as security associated with an irrevocable standby letter of credit to a borrower. As the borrower was not in default on the underlying facility, the Corporation released the funds from the Loans and Bonds Fund after receiving satisfactory replacement security.

**9. Employment and post-employment benefits****(a) Pension benefits**

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(j)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.8 times (2015: 1.9) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.2 times (2015: 1.7) the employee's contribution. Total contributions of \$246,000 (2015: \$236,000) were recognized as an expense in the current year. The Corporation's and employees' contributions to the Plan for the year were as follows:

	000's	
	2016	2015
	\$	\$
Corporation's contributions	246	236
Employees' contributions	141	126

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan and they are indexed to the increase in the Consumer Price Index.

**(b) Termination, removal benefits and leave**

The Corporation provides termination benefits to employees based on years of service and final salary (Note 2(j)(ii)). It also provides removal assistance, along with sick and special leave to employees, as provided under labour contracts. This benefit plan is pre-funded from current contributions and recognized as part of cash.

In 2016, the Government on behalf of the Corporation conducted an actuary assessment of these costs. The findings are adjusted in the 2016 benefits.



## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2016

#### 9. Employment and post-employment benefits (continued)

##### (b) Termination, removal benefits and leave (continued)

	000's	
	2016	2015
	\$	\$
Post-employment benefits, beginning of year	448	418
Retirement and transfer out	-	(6)
Cost and transfer in	16	36
Actuarial gain	(158)	-
<b>Post-employment benefits, end of year</b>	<b>306</b>	<b>448</b>

#### 10. Advances from the Government

The Act authorizes the Corporation to borrow, for the purpose of providing financial assistance to or making investments in business enterprises, up to \$150 million from the Government through advances. Increases to the outstanding balance of the advances must be approved by the FMB based on the needs of the Corporation. The balance was not to exceed \$45 million (2015: \$45 million) as at March 31, 2016.

Interest on the advances is based on the rate set during the last week of each month for the Government of Canada 3-year bonds, compounded annually. The rate varied from 0.42% to 0.68% (2015: 0.43% to 1.2%) during the year.

#### 11. Government transfers

	000's					
	2016			2015		
	Lending/ Invest- ments	Retail/ Manufac- turing	Total	Lending/ Invest- ments	Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government:						
Operations and maintenance	2,717	640	3,357	2,849	640	3,489
Services received without charge (Note 16)	857	-	857	784	-	784
	3,574	640	4,214	3,633	640	4,273
Federal programs	97	-	97	97	-	97
	<b>3,671</b>	<b>640</b>	<b>4,311</b>	<b>3,730</b>	<b>640</b>	<b>4,370</b>

During the current fiscal year the Corporation had surplus funding of \$432,000 (2015: \$234,000). A stipulation included in the agreement is for any unspent funds to be repaid to the Government. This amount has been recognized in accounts payable and accrued liabilities at year end. The amount will be repaid through a reduction of next year's contribution.

# Northwest Territories Business Development and Investment Corporation

## Notes to the Consolidated Financial Statements March 31, 2016

### 12. Expenses by object

	000's					
	2016		Total	2015		Total
	Lending/ Invest- ments	Retail/ Manu- factur- ing		Lending/ Invest- ments	Retail/ Manu- factur- ing	
\$	\$	\$	\$	\$	\$	
Advertising and promotion	56	11	67	23	16	39
Amortization	6	26	32	6	89	95
Asset retirement	10	-	10	-	-	-
Bad debts	-	38	38	5	16	21
Bank charges and interest	2	28	30	2	23	25
Board members	52	1	53	57	2	59
Business Development Fund	271	-	271	301	-	301
Business Service Centre	241	-	241	257	-	257
Computers and communications	112	22	134	117	16	133
Cost of goods sold	-	836	836	-	707	707
Insurance	-	25	25	-	25	25
Interest expense on advances from the Government	142	-	142	259	-	259
Office and general	40	15	55	45	26	71
Professional services	48	87	135	140	93	233
Recovery of credit losses, net	(470)	-	(470)	(407)	-	(407)
Rent	209	16	225	180	15	195
Repairs and maintenance	-	13	13	-	12	12
Salaries and benefits	2,319	270	2,589	2,442	194	2,636
Supplies	-	-	-	-	1	1
Training and workshops	30	-	30	15	-	15
Travel	66	21	87	86	26	112
Utilities	-	113	113	-	124	124
	<b>3,134</b>	<b>1,522</b>	<b>4,656</b>	<b>3,528</b>	<b>1,385</b>	<b>4,913</b>

### 13. Commitments

As at March 31, 2016, loans to businesses, approved but not yet disbursed, totalled \$2.7 million at a weighted average interest rate of 4.2% (2015: \$2.9 million at a weighted average interest rate of 4.9%). These loans do not form part of the loans receivable balance until disbursed. Also as at March 31, 2016, contributions to businesses approved but not yet disbursed totalled \$25,000 (2015: \$45,000).

### 14. Contingencies

#### Loans

The Corporation has four outstanding loans to three Northern Community Futures organizations for their own lending purposes totalling \$1,041,000 (2015: four outstanding loans totalling \$1,161,000). Loans provided by these three organizations may be assigned to the Corporation when impaired. If as-

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements****March 31, 2016**

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**14. Contingencies (continued)**

signed, the Corporation would then write off the Northern Community Futures organization loan balance and would attempt to recuperate its loss directly from the borrowers. In 2016, no accounts were assigned to the Corporation (2015: one account in the amount of \$84,000).

**Letters of credit**

The Corporation has six outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled \$2,375,000 (2015: \$2,385,000) and expire in 2016 (3), 2017 (2) and 2020 (1). Payment by the Corporation is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2015: nil).

**15. Related party transactions**

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services are provided without charge (Note 16).

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

	000's	
	2016	2015
	\$	\$
<b>Revenues</b>		
Sales	10	37
Government transfers (Note 11)	4,214	4,273
<b>Expenses</b>		
Purchases	186	185
Interest on advances from the Government	142	259
<b>Balances at year end</b>		
Accounts receivable	1	26
Accounts payable and accrued liabilities	530	390
Advances from the Government	25,115	26,274

## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2016

#### 16. Services received without charge

The Corporation records the estimated cost of services provided by the Government without charge. Services received without charge from the Government include regional and human resource services and office accommodation. The estimated cost of such services is as follows:

	000's	
	2016	2015
	\$	\$
Staff support	620	556
Accommodation	237	228
	<b>857</b>	<b>784</b>

#### 17. Budgeted figures

Budgeted figures have been derived from the budgets approved by the FMB and the Corporation's Board of Directors. The budget figures for the Corporation's organizations have been approved by the Corporation's senior management.

The 2016 and 2015 budgeted expenses are as follows:

	000's					
	2016			2015		
	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Advertising and promotion	30	7	37	30	12	42
Amortization	6	20	26	10	57	67
Bad debts	-	5	5	-	5	5
Bank charges and interest	-	26	26	-	20	20
Board members	50	1	51	50	1	51
Business Development Fund	300	-	300	300	-	300
Business Service Centre	250	-	250	97	-	97
Computers and communications	96	17	113	105	19	124
Cost of goods sold	-	719	719	-	600	600
Freight and courier	-	5	5	-	5	5
Insurance and licenses	-	25	25	-	24	24
Interest expense	340	-	340	475	-	475
Office and general	50	22	72	50	28	78
Professional services	90	81	171	90	74	164
Provision for credit losses, net	200	-	200	500	-	500
Rent	213	16	229	240	13	253
Repairs and maintenance	-	11	11	-	20	20
Salaries and benefits	2,560	224	2,784	2,870	170	3,040
Supplies	-	1	1	-	2	2
Travel and vehicles	120	33	153	115	45	160
Utilities	-	58	58	-	144	144
	<b>4,305</b>	<b>1,271</b>	<b>5,576</b>	<b>4,932</b>	<b>1,239</b>	<b>6,171</b>

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**18. Risk management**

The Corporation is exposed to the following risks as a result of holding financial instruments:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligations.

The risk associated with cash is minimized substantially by ensuring that these financial assets are placed with well-capitalized financial institutions.

Credit granting and loan management are based on established credit policies. The maximum exposure to credit risk from borrowers and investees is limited to the carrying amount of the loans and investments. The Corporation's management of credit exposures from borrowers and investees includes:

- a standardized credit risk rating classification system established for all loans;
- credit policies and directives, communicated to lending officers whose activities and responsibilities include credit granting and monitoring client performance;
- independent review of loan applications in excess of \$1 million; and,
- limiting the concentration of loans and investments with any one business enterprise or group of related enterprises to \$2 million. Amounts greater than \$2 million must be approved by the FMB.

The principal collateral held as security and other credit enhancements for loans include: (i) real estate; (ii) equipment; (iii) corporate and personal guarantees; and (iv) assignment of leases.

As at March 31, 2016, \$142,000 (2015: \$467,000) of the impaired loans are secured by assets the Corporation has the ability to sell in order to satisfy borrowers' commitments. There were no significant changes to the Corporation's credit risk management policies and practices from the prior year.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2016:

	000's	
	2016	2015
	\$	\$
Cash	15,608	17,166
Accounts receivable	120	132
Loans receivable	39,209	36,844
Venture investments	7	18
Letters of credit	2,375	2,385

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the future cash flows of the advances from the Government, fluctuations in the fair value and future cash flows of loans receivable, and interest revenue from cash.

**18. Risk management (continued)**

The Corporation's borrowing from the Government is based on a variable market rate and it lends to the majority of its clients at fixed term rates. The Corporation's interest rate margin or spread widens when interest rates fall and it narrows when interest rates rise.

The Corporation manages its interest rate risk by paying down the advances from the Government with excess cash available from the Loans and Bonds fund.

Based on the Corporation's advances from the Government as at March 31, 2016 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease annual surplus by \$93,000 (2015: \$118,000). A 100 basis point decrease in interest rates would increase annual surplus by \$3,000 (2015: \$82,000).

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows.

The advances from the Government are due on demand with no fixed repayment terms. Repayment on advances is made whenever the Corporation has sufficient cash on hand which is not earmarked for lending purposes.

**19. Subsequent event**

In April 2016, the Minister approved an interest rebate to qualifying borrowers. Each borrower is eligible to receive up to a maximum of \$3,000 in interest rebate for a period of up to one year effective April 2016 at an estimate cost of \$260,000.

**20. Comparative figures**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.



**Northwest Territories Business Development and Investment Corporation**

**Consolidated Schedule of Tangible Capital Assets**

**Schedule A  
000's**

	Land	Buildings	Vehicle and Equipment	Leasehold Improvements	Computer Equipment	March 31, 2016	March 31, 2015
	\$	\$	\$	\$	\$	\$	\$
Cost of tangible capital assets, opening	80	1,950	659	449	25	3,163	3,608
Acquisitions	-	-	53	-	-	53	-
Disposals	-	-	(47)	-	(5)	(52)	(445)
Cost of tangible capital assets, closing	80	1,950	665	449	20	3,164	3,163
Accumulated amortization, opening	-	1,782	647	449	25	2,903	3,251
Amortization expense	-	12	20	-	-	32	95
Disposals	-	-	(47)	-	(5)	(52)	(443)
Accumulated amortization, closing	-	1,794	620	449	20	2,883	2,903
<b>Net book value</b>	<b>80</b>	<b>156</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>281</b>	<b>260</b>

