

# ANNUAL REPORT

2022-2023



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# MANDATE

The NWT Business Development and Investment Corporation's mandate, as established under the *Northwest Territories Business Development and Investment Corporation Act*, is to support the economic objectives of the Government of the Northwest Territories in a manner that benefits the people and the economy of the NWT by:



Encouraging the creation and development of businesses



Providing financial assistance to businesses



Directly investing in businesses



Providing information and support to businesses and members of the public

## VISION

A stronger, more resilient business sector in the Northwest Territories.

## MISSION

Promote business growth and diversification by providing flexible financing options and targeted programs and services that support businesses throughout their lifecycles.

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# Values

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## **Driven to make a difference in the NWT**

What we do matters. Through our work, we help enable and empower NWT businesses to succeed, thrive, and reach their potential. We are motivated by results; we help support the creation of jobs and opportunities in the NWT which builds strong and healthy communities.



## **Serve with integrity**

We follow through on what we say we will do and take ownership of our work. We build and foster relationships by sharing information in an open and transparent manner. We abide by BDIC and GNWT legislation, regulations, policies, and processes.



## **Respectful and inclusive**

We are considerate and ensure everyone is treated fairly and with dignity. We value diversity and create an environment where everyone feels important and included.



## **Innovative**

We pursue new ideas and value different perspectives. We are creative, exploring and introducing new approaches and programs that provide solutions to make things better for each other, our clients, partners, and stakeholders.

# MINISTER'S MESSAGE

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## Local businesses are the backbone of local communities.

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Businesses create opportunities, support livelihoods, and make our communities better places to live, work, and play. The Northwest Territories is stronger and better because of our northern businesses.

As the Minister Responsible for the Northwest Territories Business Development and Investment Corporation (BDIC), it is my privilege to meet entrepreneurs and business owners every year and hear first-hand their experiences and ideas. I am always inspired by the passion and resiliency of businesses in the Northwest Territories.

It is a priority of the government to create and nurture an environment that opens doors, builds connections, and accelerates innovation and growth for businesses. The BDIC plays an instrumental role in helping to create this environment with their programs and services, financial and non-financial, that meet different needs.

Over the last two decades, there has been extraordinary change across the North; a trend which will most likely continue in the future. To stay competitive, diversify our economy, and seize new and emerging opportunities, it is essential that we evolve and change, too. This is why a key activity in 2022–2023 involved undertaking an in-depth review of the legislation for the BDIC.

Modernizing the legislation will enable the government and the BDIC to be more adaptable and client-focused and will ultimately build a stronger business ecosystem. Much work was done this year by the BDIC to support this critical activity. The BDIC undertook research and extensive public engagement and introduced

proposed amendments in Bill 84 - An Act to Amend the Northwest Territories Business Development and Investment Act. This important work will continue as we look to update the legislation to generate positive impacts for our businesses and communities.

I am confident that the territory will continue to be a place where entrepreneurs and businesses can thrive and grow in new and exciting ways.

**Caroline Wawzonek**

Minister Responsible for the Northwest Territories  
Business Development and Investment Corporation

# MESSAGE FROM THE ACTING CHAIRPERSON AND CEO



**Matthew Bannister**  
*Acting Chairperson*

This year, 2022–2023, was marked by the BDIC’s continued work to help entrepreneurs recover, rebuild, and renew their businesses. At the same time, we sought to forge a new path forward for the organization – a path envisioned by entrepreneurs and business owners, our Board of Directors, staff, and stakeholders.

We are pleased to share this year’s highlights along with the consolidated financial statements for the BDIC in this annual report.



**Joyce Taylor**  
*Chief Executive Officer*

This year, we emerged from the pandemic only to face a turbulent economy with rising inflation coupled with natural disasters such as flooding and wildfires. Now more than ever, resiliency is crucial for NWT businesses to succeed. The BDIC remains committed to its vision to have a stronger, more resilient business sector in the NWT.

The BDIC worked side-by-side with clients to help navigate these challenges and support recovery. This year, we supported 33 businesses and disbursed over \$4.6 million in financing and investments. We also helped to accelerate the digital transformation of 24 small businesses disbursing \$57,200 in funding and offering e-commerce services as part of the federally funded Canada Digital Adoption Program.



Since its creation in 2005, the BDIC has distributed almost \$124 million to 612 businesses and has created or maintained over 1,900 jobs in communities across the NWT.

While much progress has been made, we aspire to do even more to build a stronger, more resilient business community in the NWT. To this end, the BDIC reviewed its legislation and sought ways to modernize the Act, and adapt to a changing environment and the evolving needs of entrepreneurs.

We met with business owners, governments, and stakeholders from across the territory. We listened, learned, and aimed to address issues and opportunities with legislative amendments put forth in Bill 84. We will continue the work to update the legislation to enhance the BDIC's programs and services and potentially the brand and name.

We are proud of what we have accomplished and excited about our future. We are especially grateful to our staff, Board members, partners, and stakeholders. Finally, we thank the business owners and entrepreneurs for the work they do every day, and for taking the time to share their feedback with us so that we can better serve them.

Together, we will build a stronger and more prosperous business community and economy for the NWT.

**Matthew Bannister**  
*Acting Chairperson*

**Joyce Taylor**  
*Chief Executive Officer*

# BOARD OF DIRECTORS

The Board of Directors (Board) is appointed by the Minister responsible for the BDIC. The Board directs and governs the BDIC's affairs and establishes policies and operational guidelines for its programs and services.

## ACTING CHAIRPERSON

**Matthew Bannister,**  
Yellowknife

## DIRECTORS

**Onosen Adebo,**  
Fort Smith

**Ayanna Ferdinand Catlyn,**  
Yellowknife

**Lloyd Jones,**  
Fort Smith

**Marie-Soleil Lacoursiere,**  
Yellowknife

**Kenneth Ruptash,**  
Yellowknife

This year, we announced the retirement of two board members, Denny Rodgers and Charlie Furlong.

Denny Rodgers served as a board member since 2009 and Chairperson since October 2019. Denny's positive and steady leadership helped guide the BDIC through uncertain times and challenges including the COVID-19 pandemic, economic volatility, and leadership changes. Charlie Furlong served as a board member from 2005 to 2007 and 2010 to 2022, and as a member of the subsidiary boards over the years. Charlie shared perspectives and experiences relevant to the Arctic communities in the Beaufort Delta/Inuvik region which were invaluable to the organization.

We thank Denny and Charlie for their outstanding service and many contributions to the organization and the territory.

*(As at March 31, 2023)*

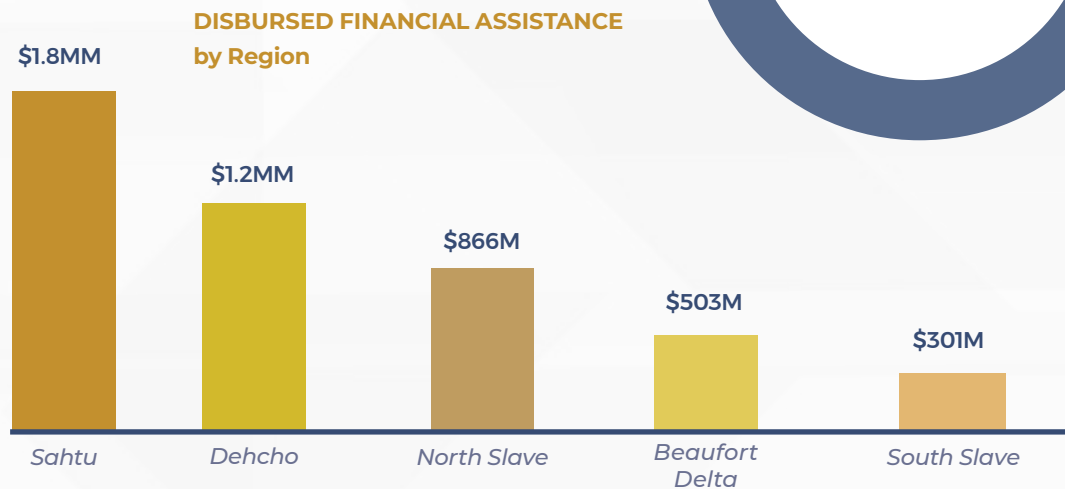
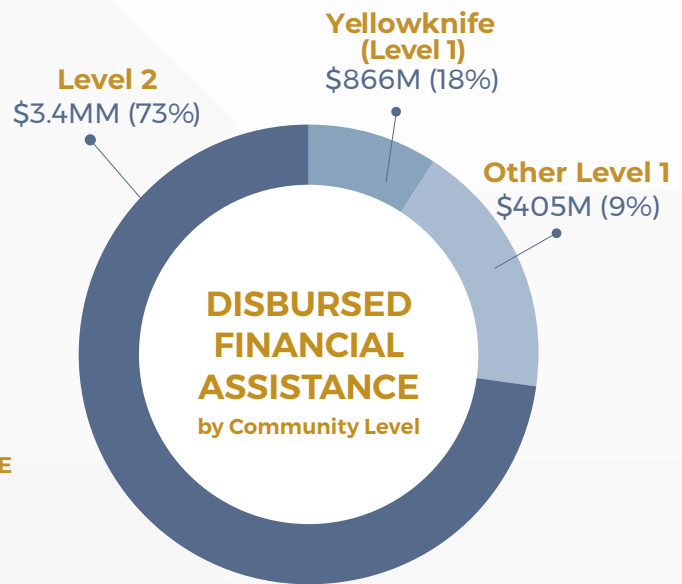
# 2022–2023 AT A GLANCE

The BDIC provides debt and equity financing and contributions to NWT businesses. Additionally, the BDIC offers business support and advisory services to help entrepreneurs and businesses in the Northwest Territories.

In 2022–2023, the BDIC disbursed approximately **\$4.7 million** in new loans, contributions, ventures, and subsidies.

**Level 1 communities:** Communities with well developed business infrastructure and air/road transportation links; includes Fort Smith, Hay River, Inuvik, and Yellowknife (including Ndilo).

**Level 2 communities:** Communities with less developed business infrastructure and air/road transportation links; includes all other NWT communities not listed as level 1.



Total Financial Disbursements **\$4.7MM (rounded)**

MM = million / M = thousand

**CONTRIBUTION PROGRAMS: Total \$'s Approved  
\$281,000 (BDPF and CDAP)**

**BUSINESS DEVELOPMENT PROJECT FUND (BDPF)**

total number of  
**APPROVED**  
Applications

**20** 

Total \$'s  
Approved  
**\$201,800**



**CANADA DIGITAL ADOPTION PROGRAM (CDAP)**

total number of  
**APPROVED**  
Applications

**33** 

Total \$'s  
Approved  
**\$79,000**



## CREDIT FACILITIES PROGRAM

Total Credit Facilities Portfolio

**\$49.9\*** MILLION

(as at March 31, 2023)



total number of  
**APPROVED**  
Applications

**11**



Total \$'s  
Approved

**\$3.7 MILLION\*\***



\* This amount includes \$3.26 million in principal and accrued interest on impaired loans properly excluded from the financial statements.

\*\* \$4 million total \$'s were disbursed which includes \$3.73 million for loans approved and disbursed in 2022-2023 and \$0.27 million for loans approved in prior years but disbursed in 2022-2023.

## SUBSIDIARY PROGRAM

The BDIC operated five active subsidiaries which generated

**\$800,000\*\*\***



**IN SALES**

The BDIC helped to support



**80** ARTS AND CRAFT  
PRODUCERS

And maintained

**10.3** FULL-TIME EQUIVALENT  
JOBS IN SMALL NWT  
COMMUNITIES



## BUSINESS SUPPORT SERVICES

Business  
Sessions Held

**100**

# of participants

**269**



\*\*\* This amount includes \$7,800 in other subsidiary income.

# HIGHLIGHTS SINCE 2005

Since 2005, the BDIC has disbursed approximately **\$124 million to 612 businesses** in communities across the Northwest Territories.\*

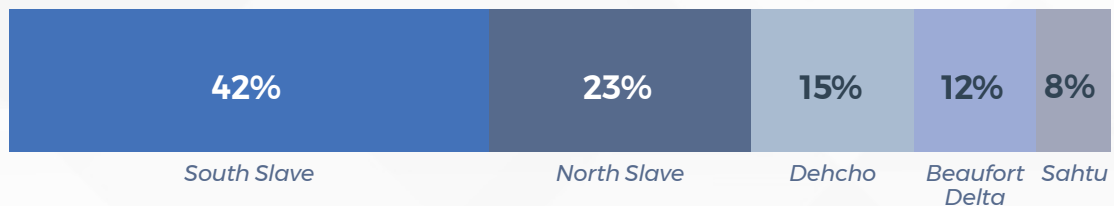
## Total Financial Disbursements by Region

(from April 1, 2005 to March 31, 2023)

Region	Disbursed (millions)	Number of Businesses	Population Estimates**	Amount per Capita
South Slave	\$52.2	146	7,462	\$6,995
North Slave	\$29.0	277	25,270	\$1,148
Dehcho	\$18.6	55	3,316	\$5,609
Beaufort Delta	\$14.5	108	6,888	\$2,105
Sahtu	\$9.4	26	2,669	\$3,522
<b>Total</b>	<b>\$123.7</b>	<b>612</b>	<b>45,605</b>	

## % of Total Financial Disbursements by Region

(from April 1, 2005 to March 31, 2023)



\* from April 1, 2005 to March 31, 2023

\*\* NWT Bureau of Statistics, population estimates as of July 1, 2022

### Total Financial Disbursements by Community Level

(from April 1, 2005 to March 31, 2023)

Community Level	Disbursed (millions)	Number of Businesses	Population Estimates**	Amount per Capita
Other Level 1	\$49.9	146	9,617	\$5,189
Level 2	\$46.0	198	14,268	\$3,224
Yellowknife (Level 1)	\$27.8	268	21,720	\$1,280
<b>Total</b>	<b>\$123.7</b>	<b>612</b>	<b>45,605</b>	

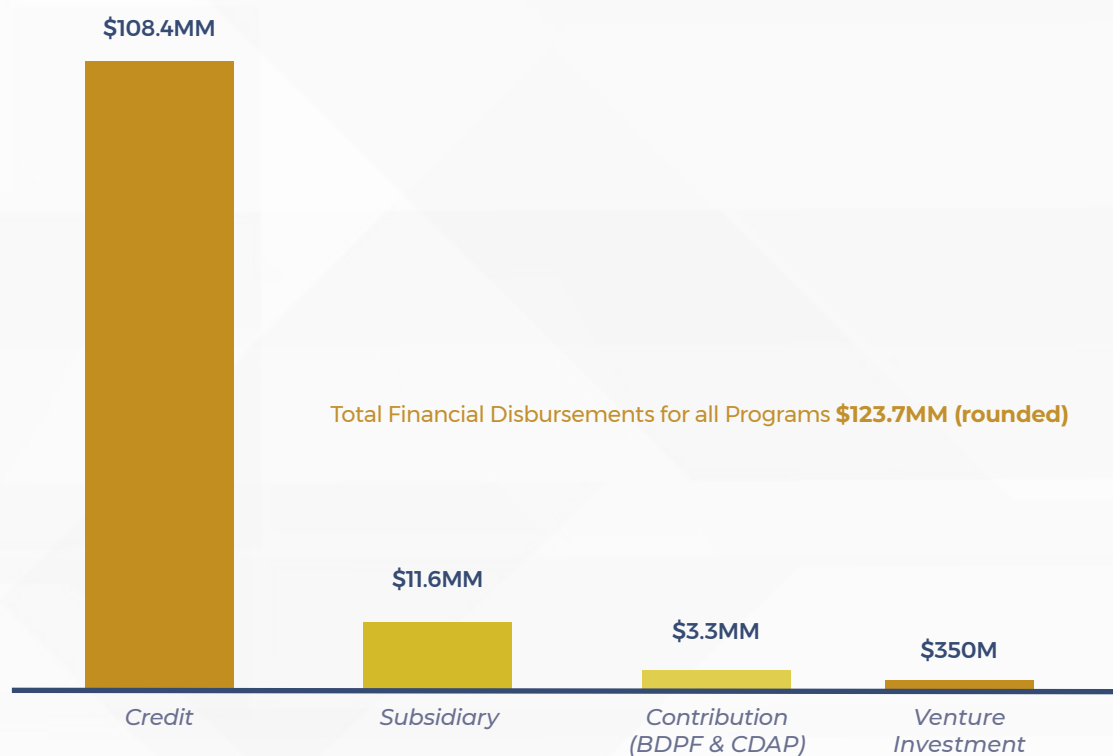
### % of Total Financial Disbursements by Community Level

(from April 1, 2005 to March 31, 2023)



### Total Financial Disbursements by Program

(from April 1, 2005 to March 31, 2023)



MM = million / M = thousand

# PROGRAMS AND SERVICES

## Credit Facilities Program

### Loan Program

The BDIC supports entrepreneurs and business owners with loans. Repayment terms can be customized and interest rates (fixed or variable) are based on risk.

### Working Capital Guarantee

The BDIC provides guarantees to help entrepreneurs secure working capital from a conventional financial institution. Clients pay the BDIC an annual commission based on risk.

### Standby Letter of Credit

A Standby Letter of Credit (SLC) gives a third party the assurance that the BDIC will make a payment in the event the client (who contracted the SLC) is unable to meet their obligations. Clients use a SLC to secure contract bids or provide security to suppliers.

### Credit Risk Management

The BDIC applies sound risk management practices to assess clients accessing credit facilities to ensure they have demonstrated an ability to repay the BDIC and build sustainable businesses.

## CREDIT FACILITIES PORTFOLIO VALUE

# \$49.9 MILLION\*

(as at March 31, 2023)

## 11 CREDIT FACILITIES APPLICATIONS APPROVED IN 2022-23

## DISBURSED IN 2022-23 \$4 MILLION\*\*



\* This amount includes \$3.26 million in principal and accrued interest on impaired loans properly excluded from the financial statements.

\*\* This amount includes \$0.27 million for loans approved in prior years but disbursed in 2022-2023 and \$3.73 million for loans approved and disbursed in 2022-2023. As of March 31, 2023, there were no loans to businesses approved but not yet disbursed.



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# Business Support Services

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The BDIC provides business services to help people start and grow their business in the Northwest Territories. For business services, the BDIC manages and delivers Canada Business NWT (CBNWT) in partnership with the Canadian Northern Economic Development Agency (CanNor).

CBNWT supports start-ups and small businesses by providing a wide range of information and resources about business and government services, programs, and regulations. Resources include online learning sessions, a business library, and a comprehensive step-by-step guide to starting a business in the NWT.

The BDIC also has a business centre with workstations available for use by entrepreneurs. The services and resources provided by CBNWT are also available online and through community partners to residents across the territory.

**269 PEOPLE**  
**ATTENDED**   
**100 BUSINESS SESSIONS**

The online learning sessions, which cover a variety of topics for people who want to improve their business skills and knowledge, were by far the most popular service.

## Contribution Programs

**20** BDPF  
APPLICATIONS  
APPROVED

AMOUNT APPROVED  
**\$201,800**

AMOUNT DISBURSED  
**\$199,300**  
(17 businesses)

### Business Development Project Fund (BDPF)

Entrepreneurs starting or expanding their businesses were able to receive funding from the BDIC's Contribution Program, the Business Development Project Fund (BDPF), which had an allocation of \$200,000 in 2022-2023. Core BDPF assisted businesses by funding expenses related to start-up, expansion, and purchase of raw materials. BDPF Aftercare helped to cover business expenses related to accounting software and services, succession planning, and/or business training programs.

*Beginning on April 1, 2023, BDPF was redesigned to become the Accelerate Digital Adoption Projects for Tomorrow (ADAPT) Fund which aims to help accelerate the digital transformation of businesses in the territory.*

### Canada Digital Adoption Program (CDAP)

The BDIC is partnering with Innovation, Science and Economic Development Canada (ISED) to deliver the Canada Digital Adoption Program (CDAP) in the Northwest Territories.

CDAP is a federally funded program where eligible businesses receive a micro-grant of up to \$2,400 to help with the costs related to adopting digital technologies and are supported by a network of e-commerce advisors.

In 2022-2023, the BDIC helped 33 businesses secure federal funding including 13 businesses owned by women, 12 owned by visible minorities, and 6 Indigenous businesses.

**33** CDAP  
APPLICATIONS  
APPROVED

AMOUNT APPROVED  
**\$79,000**

AMOUNT DISBURSED  
**\$57,200**  
(24 businesses)

## Accelerating the digital transformation of NWT businesses

In addition to CDAP, the BDIC introduced the Accelerate Digital Adoption Projects for Tomorrow (ADAPT) Fund on April 1, 2023.

ADAPT will provide up to \$2,600 each year for digital projects. This funding can supplement CDAP to reach a combined total of \$5,000 for both programs. Businesses that apply to CDAP will automatically be considered for ADAPT.



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### Ways that CDAP and ADAPT can help businesses:

- Website development: creating a new website or upgrading an existing site
- Adopting an e-commerce platform or solution for the business
- Setting up online payments
- Setting up a digital inventory tracking system

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## Venture Investment Program

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The BDIC invests in businesses in return for preferred shares in the business that offer annual dividends. Shares can be redeemed at any time. Businesses looking for a partner can receive support from the Venture Investment Program.

A wide range of job creation activities can be supported by the Venture Investment Program. The funds can also be used as leverage to obtain additional financing from the private sector. There were no new venture investments approved in 2022-2023, however, there has been strong interest in the program.

The Venture Investment Program is currently under review and will be redesigned as part of the amendments proposed in Bill 84: An Act to Amend the Northwest Territories Business Development and Investment Corporation Act.



*The WLU Enactus Team presenting at the Enactus National Competition in Montreal*



## Leveraging partnerships to spark innovation and generate greater impact

**Partnerships are fundamental to the BDIC's work and to advancing business growth and generating greater impact in the NWT.**

A partnership between the BDIC and Wilfrid Laurier University's (WLU) Enactus Team is helping to address housing challenges in the North and support community business development in the NWT housing sector. Enactus is a global learning platform that engages university students around the world to create social enterprises that use business as a force for good. The BDIC provided guidance and support to the WLU Enactus Team.

The WLU Enactus Team presented Kuponya Innovations which aims to build affordable, sustainable tiny homes in remote Indigenous communities in the Northwest Territories. The homes will be constructed from structural insulated panels that upcycle more than 400,000 plastic water bottles per home. The team was named the Enactus National Champion in 2023 and will represent Canada at the 2023 Enactus World Cup in the Netherlands.

## Subsidiary Program

The BDIC operated five active subsidiaries which generated

**\$800,000\***

IN TOTAL SALES



MAINTAINED

**10.3 FULL-TIME**

equivalent jobs within the subsidiaries

And helped support

**80** ARTS AND CRAFT  
PRODUCERS



*\*This amount includes \$7,800 in other subsidiary income.*

The five active subsidiaries include:



**ACHO DENE NATIVE CRAFTS LTD.**

**\$186M** Total Sales

**1.1** direct employment positions (FTE)



**DENE FUR CLOUDS LTD.**

**\$112M** Total Sales

**2.6** direct employment positions (FTE)



**FORT MCPHERSON TENT & CANVAS**

**\$419M** Total Sales

**5.7** direct employment positions (FTE)



**ULUKHAKTOK ARTS CENTRE**

**\$80M** Total Sales

**0.9** direct employment positions (FTE)



**ARCTIC CANADA TRADING CO. LTD.**

**\$3M** Total Sales

Markets and promotes the subsidiaries and their products and has no employees and limited sales.

*MM = million / M = thousand*

# BDIC CLIENT SUCCESS STORIES

In 2022-2023, the BDIC supported hundreds of entrepreneurs and business owners with many inspiring successes and milestone achievements.

**In this report, we share some of these stories.**

## Yellowknife Racquet Club

**The Yellowknife Racquet Club (YK Racquet Club) has been helping Yellowknifers stay active for over four decades.**

Today, the club facility has four squash courts, two studio spaces, a spin studio, two fully equipped weight rooms, a cardio room, and ample event space including an outdoor deck.

**racquet <sup>RC</sup> club**  
FITNESS • YOGA • SQUASH



HANNAH EDEN PHOTOGRAPHY

*A spin class at the YK Racquet Club*





*New Schwinn AC Power Spin Bikes*



*A class in the fitness studio*

The YK Racquet Club has seen many changes over the years with its ownership, facilities, program offerings, and services. However, what has always been a constant is the YK Racquet Club's desire to offer the best fitness experience possible and to build a healthy and supportive community.

The YK Racquet Club faced some of its biggest challenges with the COVID-19 pandemic which happened only a couple of years after the Club completed a major expansion and facility renovations. The pandemic required the Club to close its doors to members for many months and then upon reopening, it was necessary to limit member capacity, alter programs and services, and implement major changes to its operations.

In May 2022, the Club entered a new and exciting chapter with the transition of the business to a new ownership team. A five-person group became the new owners of the Club - Karen Depew, Devin Madsen, Avery Parle, Scott McLean, and Rob Warburton.

The new owners introduced many changes including upgrades to fitness equipment, fresh facility updates with new furniture and artwork, and improved customer service and perks such as free coffee, tea, and towel service. New programs and fitness classes are always being introduced. The Club even introduced healthy, convenient food items for sale and became an authorized retailer of lululemon products.

The BDIC played an important role in supporting the transition of the business to the new owners with financing and business guidance and supports. The process, which involved the development of a business plan, was invaluable and supported the new ownership team with strategic and financial planning. As Devin Madsen stated, “The business plan became our roadmap and, along with incredible staff, has been a major driver of the business’s success.”

A focus area for the new management team has been ensuring the YK Racquet Club is a beautiful, clean, functional, and comfortable space for everyone. As Karen Depew states, “We strive to make the Club inviting and welcoming for everyone – including youth, families, and retirees – and to ensure that we are working to meet their needs. We want to create a healthy and inclusive environment for our staff and members.”

The YK Racquet Club strives to not only create a sense of community among its members, but to also give back to the Yellowknife community. The club hosts special fundraising events such as the Spin-a-thon to raise funds for Stanton Territorial Hospital and organizes programs for newcomers and seniors. As Karen Depew comments, “Giving back to our community is a priority. We give back because it is the right thing to do, and it really makes a positive difference.”

The changes seem to be working with the YK Racquet Club recovering strongly since the pandemic. The business now employs over 50 people and has seen significant growth in its membership and has higher member engagement. The owners look forward to continuing to change and try new things to better meet the needs of their staff, members, and community.

When you are starting or taking over a new business, it is crucial to have a strong team. Be sure to surround yourself with people who have different skills, competencies, and experiences so that each person can contribute in different ways. – Devin Madsen, co-owner of the YK Racquet Club



*Glacier Lake in Nahanni National Park Reserve*

## Goose Flying Service

**Goose Flying Service started at the tail end of the pandemic in 2021 and it provides air charter and exclusive private guided flightseeing services.**

The company is located in Fort Simpson, the friendly and vibrant regional centre for the Dehcho region and gateway to the Nahanni.

Goose Flying Service offers services in the Dehcho communities surrounding Fort Simpson and the Nahanni National Park Reserve. Flightseeing is one of the best ways to experience the Nahanni's diverse landscape. The company's flightseeing excursions provide visitors with access to icons of this UNESCO World Heritage Site including Virginia Falls (Nájljcho), Little Doctor Lake, Glacier Lake, the Cirque of the Unclimbables, and other remote areas.

The BDIC provided a loan along with business guidance and support, all of which were essential to the start-up of the company. As Sergei Mjatelski, the business owner comments, "The BDIC helped to make my dream of owning my own business a reality. Despite being a start-up company, the BDIC took the time to really understand my business plan and provided financing that allowed the company to expand to two aircraft and a floatplane dock."



PHOTO COURTESY OF GOOSE FLYING SERVICE

*Little Doctor Lake in Nahanni National Park Reserve*

The company is now in its second season and visitor interest and bookings have grown with tourists coming from all over the world. Goose Flying Service looks forward to building the business and sharing this unforgettable wilderness paradise in the Northwest Territories with even more people.

Don't be afraid to reach out to get help starting your business. Talk to your local BDIC representative – they will be able to point you in the right direction and let you know what steps you need to take to achieve your business goals. - Sergei Mjatelski, founder and owner of Goose Flying Service



*Some of the customized products that ArTech Engrave offers*

## ArTech Engrave

**ArTech is owned and operated by a Métis family, the Arychuk family, who have generational roots in the Dehcho.**

What began as a retirement hobby became a more formal entrepreneurial endeavour and a business that now has two full-time employees and help from the two owners.

Located in Yellowknife and founded in 2017, ArTech was built out of the owners' passion for art and exploring new mediums. The company's specialties are laser engraving and UV printing, and they also sell and feature products from local artists in the store. ArTech prides itself on its flexibility and ability to customize almost anything for its consumers. During the COVID-19 pandemic, ArTech was even able to change its product offering to manufacture face shields for the government for usage in non-medical environments.

The online community has always been an important market for the company, especially Facebook. ArTech was able to further expand its digital presence through a new website which included an e-commerce store component (using Shopify) with funding and support provided by the Canada Digital Adoption Program (CDAP) and the BDIC team.

The company is looking forward to continuing to build its online sales and expanding its operations with some new equipment that will provide even more functionality and options for customized products.

# REPORTING ON THE 2022–2023 SCORECARD

The objectives and targets were approved by the BDIC Board of Directors in the 2022–2023 Corporate Plan.

## OBJECTIVE 1

Deliver and promote programs and services that meet the needs of NWT businesses at every stage and increase engagement

## TARGETS

- Conduct research to inform program changes
- Introduce enhancements to programs, services, and tools
- Simplify and digitize applications
- Develop client relationship management system/tools

## STATUS

- The BDIC completed research and engagement to inform Bill 84.
- Program enhancements were introduced including new online business sessions, and partners' programs, tools, and available funding were promoted.
- Standardized communication templates were implemented for business services and CRM systems explored.
- Major development work was completed on an online application platform.

## OBJECTIVE 2

Develop new/enhanced programs and services to support business recovery and growth

## TARGETS

- Redesign the Contribution Program
- Develop a new Venture Investment Program
- Introduce complementary and value-added services through partnerships
- Develop a mentorship initiative

## STATUS

- The BDIC conducted public engagement to identify value-added programs and services as part of the legislation review.
- Bill 84 was introduced and had its second reading in March 2023. The legislative changes will enable the BDIC to revamp the Venture Investment Program and expand business services.

- A new contribution program, Accelerate Digital Adoption Projects for Tomorrow (ADAPT) Fund, launched on April 1, 2023.
- The BDIC completed a federal sponsored digital credential pilot project.

### OBJECTIVE 3

### TARGETS

Optimize the performance of the subsidiaries while maintaining socio-economic benefits

- Identify and implement operational efficiencies
- Develop and implement a marketing plan
- Explore opportunities to leverage infrastructure
- Complete a strategic review of the subsidiaries

### STATUS

- The subsidiaries experienced recovery from the pandemic with increased sales, decreased subsidies, and increase in the number of arts and craft producers supported.
- Dene Fur Clouds will be partnering with an established NWT business in 2023-2024 to improve sales and marketing. This type of partnership model will be explored for other subsidiaries.

### OBJECTIVE 4

### TARGETS

Increase awareness and engagement with the BDIC and its programs and services

- Develop brand strategy and new visual identity
- Develop new branded materials and update communication plans
- Create a new website
- Develop a partnership strategy

### STATUS

- The BDIC developed the brand strategy and introduced a new name for the organization in Bill 84.
- Major website updates were completed.
- A new website will launch after the new legislation is introduced.
- Extensive engagement with partners took place during the year.

## OBJECTIVE 5

Continue strengthening internal capacity and collaborating with other organizations to benefit the NWT business community

## TARGETS

- Identify certification and training requirements and enhance performance measurement processes
- Gather, track, and update reporting metrics and conduct program evaluations metrics and conduct program evaluations
- Outreach and engagement with stakeholders
- Partnerships and collaboration with businesses, government, and other stakeholders

## STATUS

- The BDIC reviewed staffing plans and defined requirements and performance measurements.
- The BDIC met mandatory training and certification requirements, and additional training was taken by staff.
- Program reports and evaluations were completed.
- Extensive outreach and engagement took place as part of the legislation review.
- Partnerships were established/leveraged to further support NWT businesses including partnerships with Innovation, Science and Economic Development (CDAP and digital credential pilot project) and the Canadian Northern Economic Development Agency (Canada Business NWT).

## OBJECTIVE 6

Strengthen corporate governance

## TARGETS

- Alignment of BDIC corporate goals to GNWT's mandate
- Board training development
- Define risk management oversight by the Board and begin development of a risk management framework
- Introduce an amended Act

## STATUS

- The BDIC continued implementation of the four-year Strategic Plan and finalized the 2023-2024 Corporate Plan.
- The BDIC introduced a new Board training policy and BDIC staff and a Board member attended the Annual Crown Corporation Governance Conference.
- Foundational work was completed and industry standard portfolio risk assessment and reporting tools identified.
- Informed by public engagement, Bill 84 was introduced and had its second reading during the NWT Legislative Assembly in March 2023.



# WRITE-OFF AND FORGIVENESS

The BDIC Board of Directors may approve debt write-offs in accordance with legislation. A debt written off can still be collected, however, is assigned a zero value in the BDIC's financial statements.

The Financial Management Board may approve the forgiveness of debts. A forgiven debt is removed from the financial statements as the BDIC is no longer able to collect it.

In 2022-2023, no accounts were written off by the Board of Directors and one account was forgiven by the Financial Management Board.

## DEBTS FORGIVEN

BUSINESS NAME	NUMBER OF ACCOUNTS	TOTAL AMOUNT
Norman Wells Petroleum	1	\$179,911

# DISBURSEMENTS

## CREDIT FACILITIES PROGRAM

BUSINESS NAME	OWNERS	COMMUNITY	AMOUNT
507772 NWT Ltd. (o/a Yellowknife Racquet Club)	Warburton, Robert; Parle, Avery; McLean, Scott; Depew, Karen; and Madsen, Devin	Yellowknife	\$525,000
Blades Construction Ltd.	Beamish, Jeremy and Froese, Kristen	Fort Smith	\$170,000
Blyth, William	Blyth, William	Fort Simpson	\$125,000
Chapple, Alexander (o/a Chapple Enterprise)	Chapple, Alexander	Yellowknife	\$270,000
Dome Homes Inc.	Bidegain, Juan	Inuvik	\$193,500
Goose Flying Corporation	Mjatelski, Sergei	Fort Simpson	\$175,000
Liidlil Kue Hotel NT Ltd.	Hundal, Rajwinder and Hassan, Muaz	Fort Simpson	\$745,000
MSR Contracting Limited	Andre, Leeroy and Andre, Diana	Déjłnë	\$100,000
Northridge Contracting Ltd.	Audet, Pascal	Norman Wells	\$270,000
Pierrot, Ronald (o/a Pierrot's Logistics)	Pierrot, Ronald	Fort Good Hope	\$10,000
Rampart Rentals Ltd.	Earls, Joshua	Norman Wells	\$1,320,000
Walker, Drayton (o/a Ditchers Landscaping)	Walker, Drayton	Norman Wells	\$95,400
<b>TOTAL</b>			<b>\$3,998,900</b>

## SUBSIDIARY PROGRAM

BUSINESS NAME	OWNERS	COMMUNITY	AMOUNT
5983 NWT Ltd. (o/a Ulukhaktok Arts Centre)	BDIC	Ulukhaktok	\$100,000
913044 NWT Ltd. (o/a Fort McPherson Tent and Canvas)	BDIC	Fort McPherson	\$200,000
Acho Dene Native Crafts Ltd.	BDIC	Fort Liard	\$50,000
Dene Fur Clouds Ltd.	BDIC	Fort Providence	\$100,000
<b>TOTAL</b>			<b>\$450,000</b>

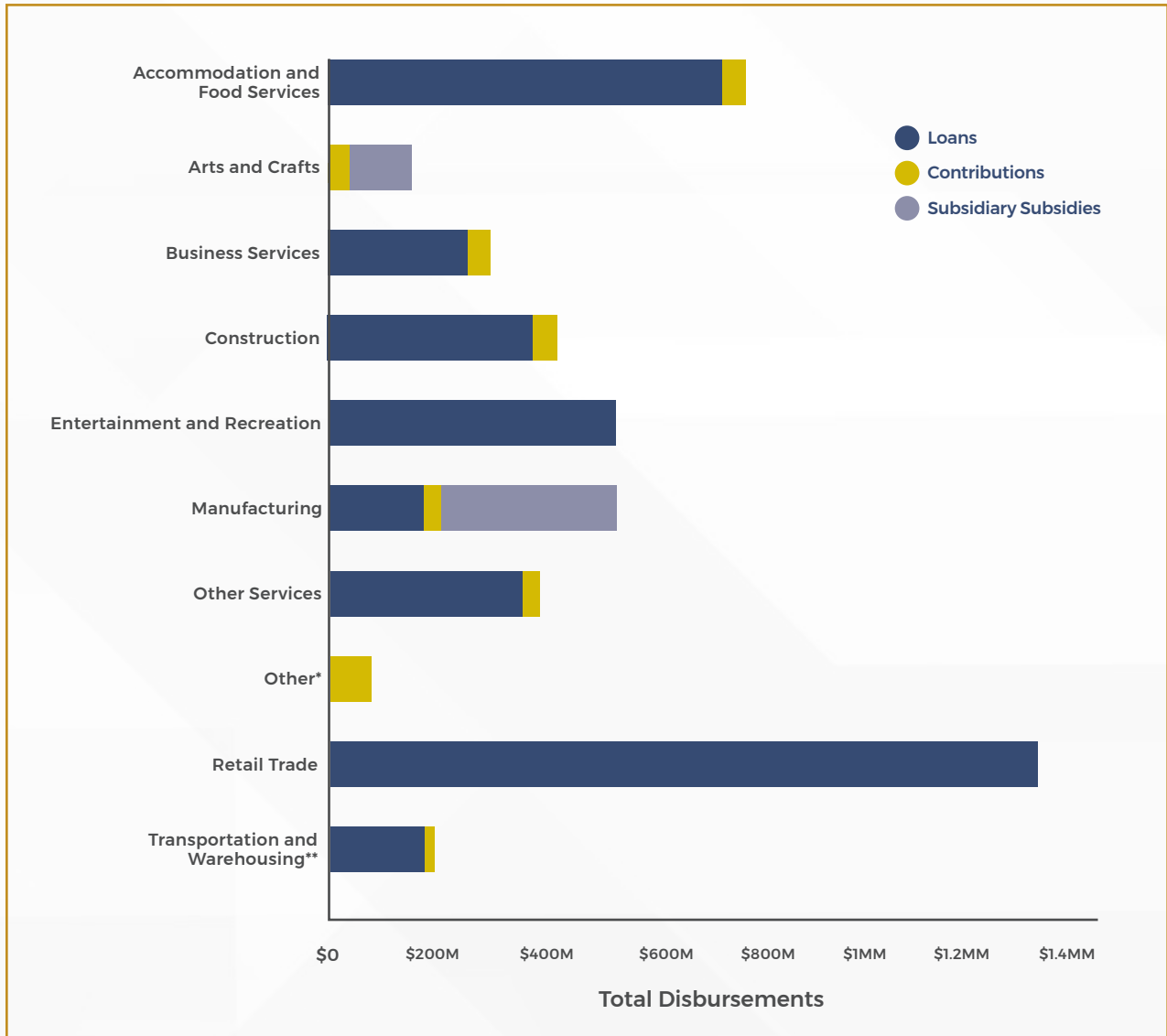
## BUSINESS DEVELOPMENT PROJECT FUND (BDPF)

BUSINESS NAME	OWNERS	COMMUNITY	AMOUNT
Aurora Heat Inc.	Dragon, Brenda	Fort Smith	\$11,727
Chapple, Alexander (o/a Chapple Enterprise)	Chapple, Alexander	Yellowknife	\$10,000
Chimutashu, Stella (o/a Shinning Star Day Home)	Chimutashu, Stella	Yellowknife	\$9,401
Goose Flying Corporation	Mjatelski, Sergei	Fort Simpson	\$20,000
Heeley, Jennifer (o/a Tinner's Recruitment)	Heeley, Jennifer	Yellowknife	\$8,430
Horesay, Randy (o/a Horesay Construction)	Horesay, Randy	Fort Simpson	\$19,500
Johnson, Ivan (o/a I.J. Property Management Services)	Johnson, Ivan W.	Fort Simpson	\$7,672
Konaté, Aminata (o/a My African Cuisine in YK)	Konaté, Aminata	Yellowknife	\$10,000
Liidlil Kue Hotel NT Ltd.	Hundal, Rajwinder and Hassan, Muaz	Fort Simpson	\$20,000
Martin, Michael (o/a North Arm Fishing Company)	Martin, Michael	Yellowknife	\$10,000
Neill, Diana (o/a Olepeka SLP Services)	Neill, Diana	Yellowknife	\$6,218
Okrainec, Ashley (o/a Reflected Connections Art & Community Contracting)	Okrainec, Ashley	Fort Simpson	\$19,528
Polar Pack Arctic Adventure	Pokiak, Enoch	Inuvik	\$9,817
Rooted in Nature Inc.	Gamble, Kate	Yellowknife	\$10,000
Slave Kayak Lodge Ltd.	Morrison, Keith	Fort Smith	\$9,920
Tracy, Spencer (o/a Northern Reach Community Consulting)	Tracy, Spencer	Yellowknife	\$7,443
Walsh's Heavy Duty Repairs Ltd.	Walsh, Matthew	Fort Smith	\$9,600
<b>TOTAL</b>			<b>\$199,256</b>

## CANADA DIGITAL ADOPTION PROGRAM (CDAP)

BUSINESS NAME	APPLICANT	COMMUNITY	AMOUNT
4 Elements Orthopedic Massage Clinic	Feng, Wendy	Yellowknife	\$2,400
7214936 Canada Inc. (o/a Javaroma Gourmet Coffee & Tea)	Kassem, Rami	Yellowknife	\$2,400
A Treasure Chest Day Home/Garderie Le Coffre Aux Tresors	Loubert, Nicole	Yellowknife	\$2,400
Alietum Ltd.	Waugh, Jennifer	Yellowknife	\$2,330
ArTech Engrave Ltd.	Arychuk, Jane	Yellowknife	\$2,400
Aurora Heat Inc.	Dragon, Brenda	Fort Smith	\$2,400
Boreal Cultivation Inc.	Healy, Damien	Yellowknife	\$2,366
Boreal Forest Program	Gamble, Kate	Yellowknife	\$2,400
Brows & Beyond by Sneha	Gagnon, Sneha	Yellowknife	\$2,250
Carla Maxwell Photography	Maxwell, Carla	Yellowknife	\$2,400
Cetana Neurotherapy Ltd.	Rentmeister, Tyler	Yellowknife	\$2,400
Dragonworks Inc.	Dragon, Joseph	Yellowknife	\$2,286
Hello Shoppers (o/a Shaan Dropshipping)	Singh, Dilpreet	Yellowknife	\$2,400
Jackpine Paddle Inc.	Wong, Daniel	Yellowknife	\$2,400
L'atelier Nicole Loubert	Loubert, Nicole	Yellowknife	\$2,400
les Éditions Présence Francophone	Makaya, Isidore Guy	Yellowknife	\$2,400
My African Cuisine in YK	Konaté, Aminata	Yellowknife	\$2,400
NSY Consulting Ltd.	Yakeleya, Norman	Yellowknife	\$2,400
Optimal 3V Data Solutions Inc.	Ngolah, Cyprian	Yellowknife	\$2,400
Rebecca's Flowers	Nahar, Luthfun	Yellowknife	\$2,400
S.G.R. Financial Services	Ford, Steven	Yellowknife	\$2,400
Safari Foods Family Restaurant and Lounge Ltd.	Luyombo, Sureya	Yellowknife	\$2,400
Tundra Transfer Ltd.	Arychuk, Jane	Yellowknife	\$2,400
Value Enabler	Akaeze, Emmanuel	Yellowknife	\$2,400
<b>TOTAL</b>			<b>\$57,232</b>
<b>TOTAL FOR ALL PROGRAMS</b>			<b>\$4,705,388</b>

## DISBURSEMENTS BY INDUSTRY SECTOR



\* includes Educational Services; Fisheries and Wildlife Harvesting; Health Care and Social Assistance; Professional, Scientific and Technical Services; and Travel and Tourism

\*\* includes aviation

MM = million / M = thousand

## DISBURSEMENTS BY INDUSTRY SECTOR AND PROGRAM

INDUSTRY SECTOR	LOANS		CONTRIBUTIONS		SUBSIDIARY SUBSIDIES	
	#	AMOUNT	#	AMOUNT	#	AMOUNT
Accommodation and Food Services	1	\$745,000	2	\$30,000		
Arts and Crafts			1	\$19,528	2	\$150,000
Business Services	1	\$270,000	2	\$16,101		
Construction	3	\$395,000	1	\$19,500		
Educational Services			1	\$10,000		
Entertainment and Recreation	1	\$525,000				
Fisheries and Wildlife Harvesting			1	\$10,000		
Health Care and Social Assistance			2	\$15,619		
Manufacturing	1	\$193,500	3	\$21,648	2	\$300,000
Other Services	2	\$365,400	1	\$19,600		
Professional, Scientific and Technical Services			1	\$7,443		
Retail Trade	1	\$1,320,000				
Transportation and Warehousing	2	\$185,000	1	\$20,000		
Travel and Tourism			3	\$9,817		
<b>Total</b>	<b>12</b>	<b>\$3,998,900</b>	<b>19</b>	<b>\$199,256</b>	<b>4</b>	<b>\$450,000</b>



# WHAT'S AHEAD?

## Moving forward with renewed passion and purpose

The BDIC is positioned to be a trusted financial partner that supports growth, innovation, and business opportunities across the Northwest Territories.

The BDIC will continue its work to update its legislation to enhance clarity and transparency and allow for more services for entrepreneurs and businesses that will generate positive impacts on the business sector in the territory. Amended legislation may also introduce a new name and brand for the organization to address issues with the current name and better align to what the organization aims to achieve.

To support this effort, we will continue to have discussions with our stakeholders and collaborate to address key challenges and opportunities and bring forward new solutions.

**Building on almost two decades of experience, the BDIC is excited by our next chapter. Some highlights will include:**

- Increased funding and e-commerce advisory services to further support NWT businesses with their digital adoption projects.
- Enhanced business advisory and support services to address professional service gaps and foster sustainable economic development.
- Further exploration of a redesigned Venture Investment Program to help businesses secure new and emerging venture investment opportunities and increase access to venture industry expertise, venture networks, advisory services, and mentoring supports.
- The organization will also be more intentional with credit risk. A risk management framework will be developed aligning to the BDIC's mandate and strategy and incorporating Environment, Social and Governance (ESG) factors.

We have an ambitious agenda – and it's one that we can't do alone. Partnerships will continue to be instrumental in the work we do. The BDIC Board of Directors will also play an important role in advancing this agenda and we look forward to some new members joining the Board in 2023-2024.



**Consolidated**  
**FINANCIAL**  
**STATEMENTS**

**Northwest Territories Business Development and Investment Corporation**  
**Consolidated Financial Statements**

**For the year ended**

**March 31, 2023**

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## Northwest Territories Business Development and Investment Corporation

### Management's Responsibility for Financial Reporting

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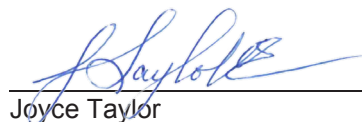
The accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation (the Corporation) are the responsibility of the Corporation's management and have been reviewed and approved by its board of directors.

Management is responsible for preparing these consolidated financial statements 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 is responsible for maintaining 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.

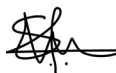
The board of directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. It exercises this responsibility through the Audit Committee, which is comprised of members who are not employees of the Corporation. The Audit Committee meets 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 her report thereon.



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Joyce Taylor  
Chief Executive Officer, CPA, CA



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Edwin Shu  
Director, Finance and Programs, CPA, CGA

September 13, 2023



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the consolidated financial statements of the Northwest Territories Business Development and Investment 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 change in net financial assets and consolidated statement of cash flows 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 asset, 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.

### *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.

A handwritten signature in blue ink that reads "David Irving". The signature is written in a cursive style with a horizontal line above the "i" in "Irving".

David Irving, CPA, CA  
Principal  
for the Auditor General of Canada

Edmonton, Canada  
13 September 2023

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**Northwest Territories Business Development and Investment Corporation****Consolidated Financial Statements March 31, 2023**

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Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Operations and Accumulated Surplus	9
Consolidated Statement of Cash Flows	10
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Schedule A – Consolidated Schedule of Tangible Capital Assets	32

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

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	March 31, 2023	March 31, 2022
	\$	\$
<b>Financial Assets</b>		
Cash (Notes 3 and 18)	18,156	15,473
Accounts receivable (Notes 4, 15 and 18)	409	2,195
Inventories held for resale (Note 5)	189	257
Loans receivable (Notes 6, 7 and 18)	42,525	44,184
Venture investments (Note 8)	350	350
	<u>61,629</u>	<u>62,459</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,320	1,142
Other employee future benefits and compensated absences (Note 9)	282	286
Advances from the Government of the Northwest Territories (Notes 10 and 15)	24,898	26,067
Asset retirement obligations	85	34
	<u>26,585</u>	<u>27,529</u>
<b>Net financial assets</b>	<u>35,044</u>	<u>34,930</u>
<b>Non financial assets</b>		
Tangible capital assets (Schedule A)	145	172
Prepaid expenses	5	2
	<u>150</u>	<u>174</u>
<b>Accumulated surplus</b>	<u><b>35,194</b></u>	<u><b>35,104</b></u>

Contractual Obligations and Contingencies (Notes 13 and 14)

Approved by:



Matthew Bannister, CPA, CA  
Acting Chairperson of the Board of Directors

*The accompanying Notes and Schedules are an integral part of these consolidated financial statements.*



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

---

<b>For the year ended March 31</b>	<b>Budget 2023</b>	<b>Actual 2023</b>	<b>Actual 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Annual surplus (deficit)	(371)	90	825
Amortization of tangible capital assets	72	27	72
Acquisition of prepaid expenses	-	(5)	(2)
Use of prepaid expenses	-	2	12
	-	(3)	10
Increase (decrease) in net financial assets	(299)	114	907
<b>Net financial assets, beginning of year</b>	<b>34,930</b>	<b>34,930</b>	<b>34,023</b>
<b>Net financial assets, end of year</b>	<b>34,631</b>	<b>35,044</b>	<b>34,930</b>

*The accompanying Notes and Schedules 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)**

---

<b>For the year ended March 31</b>	<b>Budget 2023</b>	<b>Actual 2023</b>	<b>Actual 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues</b>			
Interest on loans receivable	2,160	2,104	2,270
Sales and other income	625	801	607
Interest on pooled cash (Note 3)	142	582	102
	2,927	3,487	2,979
Government transfers (Note 11)	3,049	3,106	2,882
	5,976	6,593	5,861
<b>Expenses (Note 12)</b>			
Lending and investments	5,235	4,984	3,912
Retail and manufacturing	1,112	1,519	1,124
	6,347	6,503	5,036
<b>Annual surplus (deficit)</b>	<b>(371)</b>	<b>90</b>	<b>825</b>
<b>Accumulated surplus, beginning of year</b>	<b>35,104</b>	<b>35,104</b>	<b>34,279</b>
<b>Accumulated surplus, end of year</b>	<b>34,733</b>	<b>35,194</b>	<b>35,104</b>

*The accompanying Notes and Schedules 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)**

---

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Operating transactions</b>		
Cash received from:		
Governments	4,380	130
Customers	801	675
Interest	2,882	2,793
	8,063	3,598
Cash paid for:		
Compensation and benefits	2,572	2,240
Payments to suppliers	1,566	914
Interest on advances from the Government of the Northwest Territories	392	633
Grants and contributions	199	206
	4,729	3,993
<b>Cash provided by (used for) operating transactions</b>	<b>3,334</b>	<b>(395)</b>
<b>Investing transactions</b>		
Loans receivable disbursed	(4,087)	(6,002)
Venture investment disbursed	-	(350)
Loans receivable repaid	5,044	4,358
<b>Cash provided by (used for) investing transactions</b>	<b>957</b>	<b>(1,994)</b>
<b>Financing transactions</b>		
Repayment of advances from the Government of the Northwest Territories	(1,608)	(367)
Advances from the Government of the Northwest Territories	-	-
<b>Cash (used for) financing transactions</b>	<b>(1,608)</b>	<b>(367)</b>
<b>Increase (Decrease) in cash</b>	<b>2,683</b>	<b>(2,756)</b>
Cash, beginning of year	15,473	18,229
<b>Cash, end of year</b>	<b>18,156</b>	<b>15,473</b>

*The accompanying Notes and Schedules 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, 2023

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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 (Government of the NWT) 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 of the NWT 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 of the NWT for approval by the Financial Management Board (the FMB) prior to the commencement of the fiscal year. The transfers received from the Government of the NWT 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 of the NWT 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 of the NWT for their ongoing operations (Note 17).

Section 26 of the Act also authorizes the Government of the NWT 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 of the NWT 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(1)(d) 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, 2023

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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 valuation of loans receivable, impaired loans, venture investments, amortization, and the allowance for credit losses, the provision for termination and removal benefits, and services received without charge and asset retirement obligations. 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:

Organization	Location	Percentage Ownership	Incorporation Date
<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 crafts</b>			
Acho Dene Native Crafts Ltd. 5983 N.W.T. Ltd. (o/a Uluk-haktok Arts Centre)	Fort Liard, NT Ulukhaktok, NT	100% 100%	October 15, 1992 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

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2023

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#### 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 of the NWT'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 of the NWT. Cash also includes funds and reserves subject to restrictions as described in Note 3.

##### (d) Accounts receivable

Accounts receivable are recorded at cost. A valuation allowance is recorded when the collection of a receivable is considered doubtful.

##### (e) Inventories held for resale

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 (NRV), with cost being determined on a first in, first out basis. In estimating NRV, an allowance for obsolescence is considered to address potential decreases in value due to factors such as inventory age, changing market conditions, and deterioration. The inventory allowances are reviewed annually for each subsidiary to ensure that reported net inventory values represent the expected net realizable value based on age and other factors.

##### (f) 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. Concessionary loans are recorded at net present value at issue, and the related present value discounts are expensed. 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.

Prior to the COVID-19 pandemic, loans were considered in default when payment was three months past due (unless the loan was fully secured), or six months past due (regardless of whether the loan was fully secured). However, under the COVID-19 economic relief programs, clients were able to obtain low interest loans and/or reduce or defer their loan payments for the 2020-2021 fiscal year without penalty or additional interest charges. Impairment for these loans were assessed differently. The Corporation conducted client surveys, reviewed loan extension and restructuring requests as well as loan payments received in 2021-2022 to determine whether loans were performing or impaired. The three and six months policy resumed in 2022-23.

Loans receivable with concessionary terms are considered in part to be grants and are recorded on the date of issuance at face value discounted by the amount of the grant portion. The discounted value and the effective interest rate are determined using the prime rate adjusted for risk at the date of issuance. At the date of issue, the grant portion is calculated as the difference between the face and discounted value of the loan and recorded as interest expense. The grant portion is recognized as an expense at the date of issuance of the loan or when the concession is provided. These loans are carried at amortized costs with the discount being recorded as an increase in the loan balance and an increase to interest income over the term of the loan using the effective interest rate method.

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## Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements  
March 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### (f) Loans receivable (continued)

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. Subsequent changes in the estimated net recoverable value are also 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) subsequent to a

loan, or loan with concessionary terms, being classified as impaired are offset against 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.

In accordance to the FAA, the Corporation's board of directors may approve the write-off of debts owing to the Corporation. An account that has been written off is still subject to collection action. Once an account has been forgiven, no further collection action is possible.

#### (g) 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.

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2023

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#### 2. Summary of significant accounting policies (continued)

##### (h) 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.

##### (i) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include trade payables and liabilities, accrued payroll and benefits and vacation pay payable. These liabilities are valued at cost.

##### (j) 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.

##### (k) 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 of the NWT 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.



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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2023

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#### 2. Summary of significant accounting policies (continued)

##### (l) Post-employment 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.

##### (m) 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:

Land	Not amortized
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.

##### (n) Financial instruments

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

##### (o) 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.

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2023

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#### 2. Summary of significant accounting policies (continued)

##### (p) Segment disclosure

The Corporation presents segment information for lending and investment and retail and manufacturing activities. Lending and investment represent 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.

##### (q) New accounting standards

On April 1, 2022, the Corporation adopted Public Accounting Standard for Assets Retirement Obligations - PS 3280. The standard was adopted prospectively from the date of adoption. The new section established standards on how to report a liability for asset retirement obligations. The Corporation also adopted new standard PS 3400-Revenue which account for how to report revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

These new standards have no effect on the financial statements.

#### 3. Cash

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for post-employment benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government of the NWT's surplus cash that is invested in a diversified portfolio of 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 of the NWT. 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 earned \$582,000 in interest at an average investment yield of 3.42% during the year (2022: \$102,000 at an average investment yield of 0.71%).

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).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2023**

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**3. Cash (continued)**

	000's	
	2023	2022
	\$	\$
Cash held by the Corporation for operations	6,128	3,795
Cash held by the Corporation's organizations	1,946	2,105
	8,074	5,900
Venture Investment Fund	3,805	3,805
Capital Fund	873	873
Subsidy Fund	610	559
Venture Reserve Fund	521	521
Loans and Bonds Fund	4,126	3,668
Capital Reserve Fund	147	147
	10,082	9,573
	<b>18,156</b>	<b>15,473</b>

**4. Accounts receivable**

	000's	
	2023	2022
	\$	\$
Receivables	257	182
Receivables from the Government of the Northwest Territories	85	2,079
Receivable from the Government of Canada	175	49
Less: provision for doubtful accounts	(108)	(115)
	<b>409</b>	<b>2,195</b>

**5. Inventories held for resale**

	000's	
	2023	2022
	\$	\$
Arts and crafts	48	70
Canvas products	141	187
	<b>189</b>	<b>257</b>

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2023

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#### 5. Inventories held for resale (continued)

During the year, \$45,000 of inventories were written down (2022: \$60,000) and no inventories were pledged as security. Also, during the year, the Corporation had \$99,000 in recoveries on inventory that had been previously written down (2022: \$99,000). Inventory write-downs and recoveries are included in the cost of goods sold. Effective April 01, 2022, the Corporation changed the write down estimate from three to five years.

#### 6. 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, equipment, guarantees and general security agreements. Loans receivable are expected to mature as follows:

		000's			
		2023		2022	
		Rate Range	Balances	Rate Range	Balances
		%	\$	%	\$
Performing loans due within:	1 year	5.45-7.45	3,307	4.70-7.95	6,305
	1-2 years	2.95-6.75	3,640	5.45-7.45	3,636
	2-3 years*	1.75-6.45	6,853	2.95-6.95	3,920
	3-4 years*	1.75-6.45	10,335	1.75-6.95	9,881
	over 4 years	3.00-8.95	9,972	1.75-6.45	12,173
			34,107		35,915
	Accrued loan interest receivable		328		662
	Impaired loans		12,128		11,200
			46,563		47,777
	Less: allowance for credit losses (Note 7)		4,038		3,593
			<b>42,525</b>		<b>44,184</b>

\* These loans receivable have been reduced by \$86,000 (2022: \$153,000) under the concessionary terms

In 2023, no accounts were written off (2022: four accounts representing two borrowers totalling \$230,000 plus a receivable unrelated to loans in the amount of \$6,000) by the board of directors. One account totalling \$179,911 (including impaired interest of \$57,333 not recognized) was forgiven (2022: fourteen accounts representing ten borrowers totalling \$3,473,000, including impaired interest of \$1,513,000 not recognized) by the FMB. Recoveries on loans previously written off from both loans receivable and allowance totalled \$28,000 (2022: \$18,000).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2023**

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**6. Loans receivable (continued)****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 industry sector and geographic concentrations are displayed in the following tables:

**Industry sector concentration**

<b>Sectors</b>	<b>000's</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Performing</b>	<b>Impaired</b>	<b>Performing</b>	<b>Impaired</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accommodations, food and beverage	4,436	2,557	6,852	1,207
Agriculture	183	2,386	276	2,333
Arts and craft	4	333	5	346
Business services	331	3	125	3
Communication	-	450	-	523
Construction	5,488	2,545	5,566	2,715
Educational services	14	-	31	-
Entertainment and recreation	539	-	18	-
Finance and insurance	273	-	296	-
Fisheries and wildlife	29	11	37	13
Forestry and logging	23	-	57	-
Health care	52	-	68	-
Information and cultural industries	52	-	69	-
Management of companies	1,486	-	1,555	-
Manufacturing	1,292	-	1,183	2
Mining	97	-	123	-
Oil and gas	-	337	-	359
Other services	2,074	33	1,852	38
Professional, scientific and technical services	265	-	331	-
Real estate	7,138	140	7,498	157
Retail	7,058	1,184	6,390	1,236
Transportation and storage	2,129	1,396	2,317	1,495
Travel and tourism	492	753	539	773
Wholesale	652	-	727	-
	<b>34,107</b>	<b>12,128</b>	<b>35,915</b>	<b>11,200</b>

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2023**

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**6. Loans receivable (continued)****Geographic concentration**

<b>Regions</b>	<b>000's</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Performing</b>	<b>Impaired</b>	<b>Performing</b>	<b>Impaired</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Beaufort-Delta	3,360	451	3,387	512
Dehcho	5,053	2,064	4,990	2,251
North Slave	5,850	5,904	7,893	4,465
Sahtu	3,614	49	2,071	67
South Slave	16,230	3,660	17,574	3,905
	<b>34,107</b>	<b>12,128</b>	<b>35,915</b>	<b>11,200</b>

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

<b>Credit risk rating</b>	<b>000's</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Low	17,730	19,293
Medium	14,971	14,193
High	1,406	2,429
	<b>34,107</b>	<b>35,915</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:

<b>Loans past due but not impaired</b>	<b>2023</b>	<b>2022</b>
31 – 60 days	3	22
61 – 90 days	-	-
Over 90 days	-	-
	<b>3</b>	<b>22</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 2023 (2022: nil).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2023**

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**6. Loans receivable (continued)**

The table represents loans receivable with and without concessionary terms before allowance:

<b>Concessionary loans</b>	<b>000's</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
With no concessionary terms	45,153	45,278
With concessionary terms	1,082	1,837
Accrued loan interest receivable	328	662
	<b>46,563</b>	<b>47,777</b>

**Economic relief measures extended****Loans with concessionary terms**

The Corporation offered low interest working capital loans during the pandemic in 2021. Loans up to \$25,000 or higher in certain circumstances, were provided to qualified businesses at a rate of 1.75% on unsecured loans, which normally have an interest rate of 6.45% (prime + 4%).

The specific allowance on loans with concessionary terms is \$89,000 (2022: \$56,000).

**Loan payments deferred**

In 2021, the Corporation allowed clients that applied to have their loan repayments reduced or deferred without penalty or additional interest charges. Approval was provided for interest and payment deferrals throughout the year for all qualified loans receivable.

With the continued impact of COVID-19 affecting the Northwest Territories' economy in 2022 and 2023, the Corporation's Application Review Committee approved zero loans (2022: thirty-one loans) with additional deferral options.

These deferrals have no concessionary terms and will include penalty and/or additional interest charges. The value of these loans is \$10,966,329 (2022: \$11,936,673) before credit allowance of \$ 2,425,944 (2022: \$3,391,650).

**New economic relief measures**

In 2023, the Corporation's Application Review Committee approved forty-one loans (2022: nil) to be deferred for a three-month period in response to the severe flooding in Hay River. The unprecedented natural disaster necessitated these deferral options to support the affected borrowers during the challenging period.

These deferrals have no concessionary terms and will include penalty and/or additional interest charges. The value of these loans at March 31<sup>st</sup>, 2023 is \$11,139,291 (2022: \$9,947,986) before credit allowance of \$ 127,071 (2022: \$83,692).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements****March 31, 2023**

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**7. Allowance for credit losses**

	000's	
	2023	2022
	\$	\$
Balance, beginning of year	3,593	5,199
Provision for credit losses	742	912
Loans written off and forgiven	-	(2,154)
Recoveries from repayments of allowance	(297)	(364)
<b>Balance, end of year</b>	<b>4,038</b>	<b>3,593</b>
Comprised of:		
Specific allowance*	3,354	2,875
General allowance	684	718
<b>Balance, end of year</b>	<b>4,038</b>	<b>3,593</b>

\* The specific allowance includes \$89,000 (2022: \$56,000) for the economic relief working capital loans that were disbursed in 2021 (Note 6).

**8. 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, 2023, the Corporation does not have significant influence in the companies in which it has invested.

The total cumulative venture investments at March 31, 2023 were \$943,000 (2022: \$943,000) with accumulated write-downs of \$593,000 (2022: \$593,000). In 2023, no venture investments were approved for write-off (2022: nil) by the board or for forgiveness by the FMB (2022: nil).

**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 issuer and earn dividends at variable rates. Investment yields vary from year to year due to the amount and timing of the dividends received.

**9. Other employee future benefits and compensated absences****(a) Pension benefits**

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(l)(ii)). 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.



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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements****March 31, 2023**

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**9. Other employee future benefits and compensated absences (continued)****(a) Pension benefits (continued)**

For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.02 times (2022: 1.01) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.0 times (2022: 1.0) the employee's contribution. Total contributions of \$163,000 (2022: \$154,000) 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	
	2023	2022
	\$	\$
Corporation's contributions	163	154
Employees' contributions	162	154

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(l)(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.

The most recent actuarial valuation was completed in May 2023 and the information has been extrapolated to year-end. The values presented below are for the benefits under the severance, removal and compensated absences for the Corporation.

<b>Change in Obligation</b>	000's	
	2023	2022
	\$	\$
Accrued benefit obligation, beginning of year	198	142
Current period benefit cost	9	11
Interest cost	7	4
Benefit payments	(4)	(21)
Actuarial loss (gain)	(51)	(62)
Accrued benefit obligation, end of year	159	198
Unamortized net actuarial gain	123	88
<b>Accrued benefit liability*</b>	<b>282</b>	<b>286</b>

\*Total retirement, post-employment, and other leave benefits includes \$250,340 (2022: \$246,158) related to severance and removal and \$31,683 (2022: \$31,955) related to compensated absences.

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2023**

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**9. Other employee future benefits and compensated absences (continued)****(b) Termination, removal benefits and leave (continued)**

Benefit Expense	000's	
	2023	2022
	\$	\$
Current period benefit cost	9	11
Interest cost	7	4
Amortization of actuarial (gain) loss	(8)	(6)
<b>Post-employment benefits</b>	<b>8</b>	<b>9</b>

The discount rate used in determining the accrued benefit obligation is an average of 4.80% (2022: 4.10%). The assumed rate of compensation increase is 2% (2022: 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 10.3 years (2022: 10.3 years). No inflation was applied.

**10. Advances from the Government of the Northwest Territories**

For the purpose of providing financial assistance to or making investments in business enterprises, the Act authorizes the Corporation to borrow from the Government of the NWT 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 (2022: \$45 million) as at March 31, 2023.

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 2.54% to 3.94% (2022: 0.48% to 2.31%) during the year.

	000's	
	2023	2022
	\$	\$
Balance, beginning of year	26,067	26,798
Interest expense and cost of interest (Note 12)	831	269
Repayment of Advances (Note 18)	(2,000)	(1,000)
Advances received	-	-
<b>Balance, end of year</b>	<b>24,898</b>	<b>26,067</b>

During the year, no advances were provided to the Corporation (2022: nil) to cover new loans receivable. The \$2,000,000 paid during the year represents \$1,608,000 in principal and \$392,000 in interest.

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2023**

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**11. Government transfers**

	000's					
	2023			2022		
	Lending/ Invest- ments	Retail/ Manufac- turing	Total	Lending/ Invest- ments	Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government of the Northwest Territories:						
Operations and maintenance	1,692	450	<b>2,142</b>	1,565	510	<b>2,075</b>
Services received without charge (Note 16)	746	-	<b>746</b>	710	-	<b>710</b>
	<b>2,438</b>	<b>450</b>	<b>2,888</b>	<b>2,275</b>	<b>510</b>	<b>2,785</b>
Federal programs	218	-	<b>218</b>	97	-	<b>97</b>
	<b>2,656</b>	<b>450</b>	<b>3,106</b>	<b>2,372</b>	<b>510</b>	<b>2,882</b>

A stipulation included in the agreement is for any unspent funds to be repaid to the Government of the NWT. There were no unspent amounts in 2023 (2022: nil).

## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2023

#### 12. Consolidated budgeted figures and expenses by object

The consolidated budgeted figures have been approved by the Minister and the FMB.

	2023					2022				
	Total Budget	Lending / In- vestments	Retail / Manufac- turing	Total	Total Budget	Lending / In- vestments	Retail / Man- ufacturing	Total		
	\$	\$	\$	\$	\$	\$	\$	\$		
Advertising and promotion	47	18	7	25	29	14	2	16		
Amortization	72	8	19	27	77	53	19	72		
Asset retirement	1	-	2	2	-	-	2	2		
Bad debts	4	-	27	27	6	-	2	2		
Bank charges and interest	26	2	27	29	29	2	26	28		
Board members	79	29	2	31	48	14	2	16		
Business Development Fund	200	199	-	199	200	206	-	206		
Business Service Centre	282	275	-	275	233	246	-	246		
Compensation and benefits	3,276	2,301	263	2,564	2,727	2,203	225	2,428		
Computers and communications	137	96	28	124	128	81	21	102		
Cost of goods sold	625	-	825	825	763	-	640	640		
Digital technology support	-	218	-	218	-	-	-	-		
Insurance	26	-	32	32	24	-	28	28		
Interest expense and cost of interest rate reduction	230	831	-	831	225	269	-	269		
Office and general	59	137	38	175	77	50	10	60		
Provision for (recovery of) credit losses (net)	750	445	-	445	650	547	-	547		
Professional services	248	220	94	314	118	47	53	100		
Rent	179	169	15	184	176	170	15	185		
Repairs and maintenance	19	-	26	26	15	-	19	19		
Site clean up	-	-	70	70	-	-	-	-		
Training and workshops	-	17	-	17	-	7	-	7		
Travel	28	19	3	22	53	3	1	4		
Utilities	59	-	41	41	71	-	59	59		
	<b>6,347</b>	<b>4,984</b>	<b>1,519</b>	<b>6,503</b>	<b>5,649</b>	<b>3,912</b>	<b>1,124</b>	<b>5,036</b>		

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements

March 31, 2023

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#### 13. Contractual obligations

As at March 31, 2023, there were no loans to businesses approved but not yet disbursed (2022: \$370,000 at a weighted average interest rate of 5.1%). These loans do not form part of the loans receivable balance until disbursed. Also, as at March 31, 2023, there were no approved ventures not disbursed (2022: nil) and all contributions to businesses approved have been disbursed (2022: nil).

#### 14. Contingencies

##### Loans

The Corporation has one outstanding loan to a Northern Community Futures organization for their own lending purposes totalling \$273,000 (2022: one loan totalling \$296,000). Loans provided by this organization may be assigned to the Corporation when impaired. If assigned, 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 2023, no accounts were assigned to the Corporation (2022: nil).

##### Letters of credit

The Corporation has one outstanding irrevocable standby letter of credit in the amount of \$2,000,000 (2022: \$2,000,000) that expires in fiscal 2024. Payment by the Corporation is due from this letter in the event that the applicant is in default of the underlying debt. To the extent that the Corporation must pay third parties as a result of this agreement, this payment will be owed to the Corporation by the applicant. The letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payment was made (2022: nil).

#### 15. Related party transactions

The Corporation is related in terms of common ownership to all Government of the NWT created departments, territorial corporations, public agencies, its board of directors and key management personnel and their close family members. 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).

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements**  
**March 31, 2023**

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**15. Related party transactions (continued)**

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

	<b>000's</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Revenues</b>		
Sales	31	15
Government of the NWT transfers (Note 11)	2,888	2,785
<b>Expenses</b>		
Purchases	948	208
Interest on advances from the Government of the NWT	831	269
<b>Balances at year end</b>		
Accounts receivable	86	2,079
Accounts payable and accrued liabilities	293	182
Advances from the Government of the NWT	24,898	26,067

**16. Services received without charge**

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

	<b>000's</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Staff support	524	488
Accommodation	222	222
	<b>746</b>	<b>710</b>

**17. Economic dependence**

The Corporation received 45.6% (2022: 47.5%) of its revenues in the form of a contribution and services without charge from the Government of the NWT. The Corporation's continued operations are dependent on these arrangements.

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## Northwest Territories Business Development and Investment Corporation

### Notes to the Consolidated Financial Statements March 31, 2023

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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;
- Application Review Committee (consisting of senior management) reviews and approves loans over \$500,000; 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 real property, equipment, guarantees, and general security agreement.

As at March 31, 2023, \$4,323,000 (2022: \$4,649,000) of the impaired loans are fully 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. However, under the economic relief that provided working capital loans to qualified businesses with a 1.75% interest rate creates an increase to credit risk as these loans did not require any security or financial support.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2023:

	000's	
	2023	2022
Cash	\$ 18,156	\$ 15,473
Accounts receivable	409	2,195
Loans receivable	42,525	44,184
Letters of credit	2,000	2,000

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**Northwest Territories Business Development and Investment Corporation****Notes to the Consolidated Financial Statements  
March 31, 2023**

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**18. Risk management (continued)****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 of the NWT, fluctuations in the fair value and future cash flows of loans receivable, and interest revenue from cash.

The Corporation's borrowing from the Government of the NWT 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 of the NWT with cash available from the Loans and Bonds fund. During the year, the repayment of advances amounting to \$2,000,000 (Note 10) were made to the Government (2022: \$1,000,000).

Based on the Corporation's advances from the Government of the NWT as at March 31, 2023 and the monthly cash balance on hand, a 100-basis point increase in interest rates would decrease annual surplus by \$89,000 (2022: decrease of \$117,000). A 100-basis point decrease in interest rates would increase annual surplus by \$89,000 (2022: increase of \$102,000).

**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 of the NWT 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.

Accounts payable and accrued liabilities are expected to be settled within the next 12 months.

**19. Subsequent Event****Wildfires**

The Northwest Territories have been impacted by wildfires in the summer of 2023, including an evacuation notice that was issued on August 16, 2023, for the capital city of Yellowknife. While this has no impact on the Corporation's financial statements for the year ended March 31, 2023, it may have a significant financial impact in fiscal year March 31, 2024, in particular with respect to the loan portfolio. However, it is not possible to reliably measure the financial impact at this time on the Corporation's financial statements for the next fiscal year.



**Northwest Territories Business Development and Investment Corporation**

**Consolidated Schedule of Tangible Capital Assets  
March 31, 2023**

**Schedule A**

000's

	Land	Buildings	Vehicle and Equipment	Leasehold Improvements	Computer Equipment	March 31, 2023	March 31, 2022
Cost of tangible capital assets, opening	\$ 78	\$ 1,789	\$ 658	\$ 540	\$ 9	\$ 3,074	\$ 3,084
Acquisitions	-	-	-	-	-	-	-
Disposals	-	-	(18)	-	-	(18)	(10)
Cost of tangible capital assets, closing	78	1,789	640	540	9	3,056	3,074
Accumulated amortization, opening	-	1,709	652	532	9	2,902	2,840
Amortization expense	-	13	6	8	-	27	72
Disposals	-	-	(18)	-	-	(18)	(10)
Accumulated amortization, closing	-	1,722	640	540	9	2,911	2,902
<b>Net book value</b>	<b>78</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>172</b>





