



ANNUAL REPORT 2020 - 2021



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TABLE OF CONTENTS

Mandate, Vision, Mission, Values.....	4
Minister’s Message	5
Message from the Chairperson and CEO.....	6
Board of Directors	8
2020-21 at a Glance	9
Response to COVID-19	12
Programs and Services.....	13
Credit Facilities Program.....	13
Venture Investment Program.....	14
Contribution Program – Business Development Project Fund (BDPF).....	14
Subsidiary Program	15
Business Support Services.....	17
BDIC Client Success Stories	18
Reporting on the 2020-21 Scorecard.....	22
Disbursements.....	25
Looking Forward	33
Consolidated Financial Statements.....	35

MANDATE

The BDIC'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

Northwest Territories Business Development and Investment Corporation (BDIC)

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.

VALUES

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

While the COVID-19 pandemic kept many of us apart, it also brought us closer together to tackle the extreme challenges and to support one another.



Partnerships and collaboration across governments, industry and communities were critical to handling the emerging crisis and finding solutions. This included the BDIC working closely with others and stepping up to rapidly introduce and implement new initiatives that offered relief to businesses in a time of great need.

As the world recovers from the pandemic and we look to stabilize and rebuild the NWT economy, the BDIC will play a vital role by promoting business growth and diversification in communities across the Northwest Territories.

The BDIC will continue to be there for entrepreneurs and businesses, equipping them with the tools they need – the financing solutions, equity, knowledge, and learning opportunities – to succeed, thrive, and reach their potential. Based on the commitment and ingenuity demonstrated during the pandemic, I am confident that together we will rebound and revitalize our economy.

As Minister, I am committed to promoting a strong and diverse NWT economy and helping the business sector move forward to the benefit of all residents of the Northwest Territories.

Caroline Wawzonek

Minister Responsible for the Northwest Territories Business Development and Investment Corporation

MESSAGE FROM THE CHAIRPERSON AND CEO

2020-21 was an extraordinary year. COVID-19 took the world by surprise in early 2020 and has had profound effects in all areas of society including the business community. Small and medium-sized businesses faced challenges with keeping their employees on the payroll, paying rent, and managing cash flow.



Denny Rodgers
Chairperson

Amid the challenges and uncertainty created by the pandemic, the BDIC found itself playing an important role in supporting northern businesses and entrepreneurs and helping bridge them through the crisis. Soon after COVID-19 was officially declared a pandemic, BDIC responded to businesses' changing needs by introducing two new loan initiatives – low interest Working Capital Loans and Loan Payment Deferral/Reduction. The uptake was significant with 194 accounts representing 150 businesses approved for deferral/reduction and 99 approved for working capital loans totaling \$2.5 million in immediate support.



Joyce Taylor
Chief Executive Officer (CEO)

During the year, the BDIC serviced more businesses and residents than ever before. We grew the number of approved loans, contributions, and ventures by 185 percent. There were 118 businesses in the NWT that received financial products from the BDIC. With the transition to virtual learning opportunities, the organization increased the number of business learning sessions offered from 83 to 131 and more than doubled the number of participants to 281 persons.

The pandemic prompted the BDIC to explore different ways of doing things and to leverage new technologies in the delivery of our products and services. The BDIC will build on this momentum leading a digital transformation within the organization and advancing this effort more broadly in the business community. It also looked to its future and undertook

the development of a four-year strategic plan which is responsive to businesses' changing needs and provides a clear roadmap for the future success of the organization.

These achievements came from the collaborative efforts between many people and organizations – including the Department of Industry, Tourism and Investment – who are committed to advancing economic and business development in the North. We would like to extend a special thank you to our dedicated team of employees and to the Board members for their agility and hard work in supporting residents and businesses during this unprecedented year.

As businesses and communities navigate the challenges ahead given the lingering effects of COVID-19, BDIC will continue to offer support and creative solutions so that we can contribute to building a stronger, more resilient business sector in the Northwest Territories.

Denny Rodgers
Chairperson

Joyce Taylor
Chief Executive Officer

BOARD OF DIRECTORS

Chairperson:

Denny Rodgers, Inuvik

Directors:

Charles Furlong, Aklavik

Lloyd Jones, Fort Smith

Kenneth Ruptash, Yellowknife

Janet Toner, Yellowknife

(as of March 31, 2021)

The BDIC would like to thank the following individuals who also served as members of the Board during 2020-21:

David Connelly, Yellowknife

Donna Lee Demarcke, Hay River

Andrew Wong, Yellowknife (former Vice Chairperson)

2020-21 AT A GLANCE

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

In 2020-21, BDIC disbursed **\$10.3 million** in new loans, contributions, and subsidies.

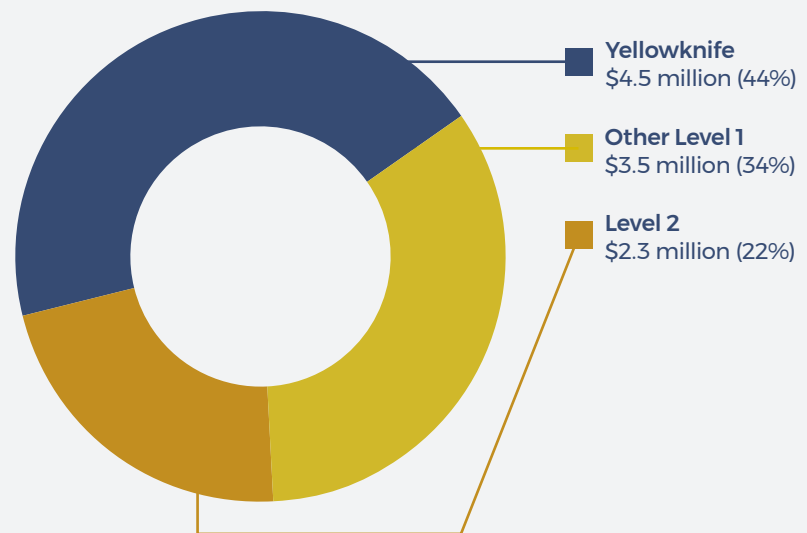
Level 1 Communities:

Communities with well developed business infrastructure and air/road transportation links; includes Fort Smith, Hay River, Inuvik, and Yellowknife (including Ndiłı̄).

Level 2 Communities:

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

Disbursed Financial Assistance by Community



Disbursed Financial Assistance by Region



North Slave



South Slave



Dehcho



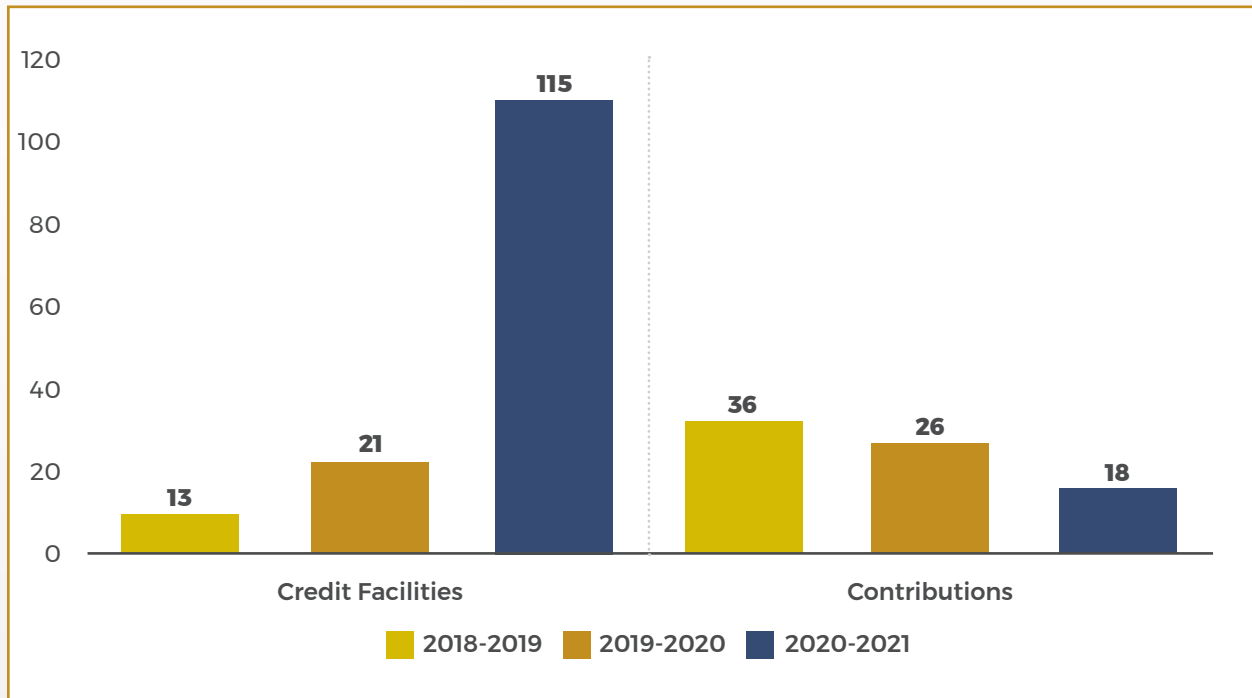
Beaufort Delta



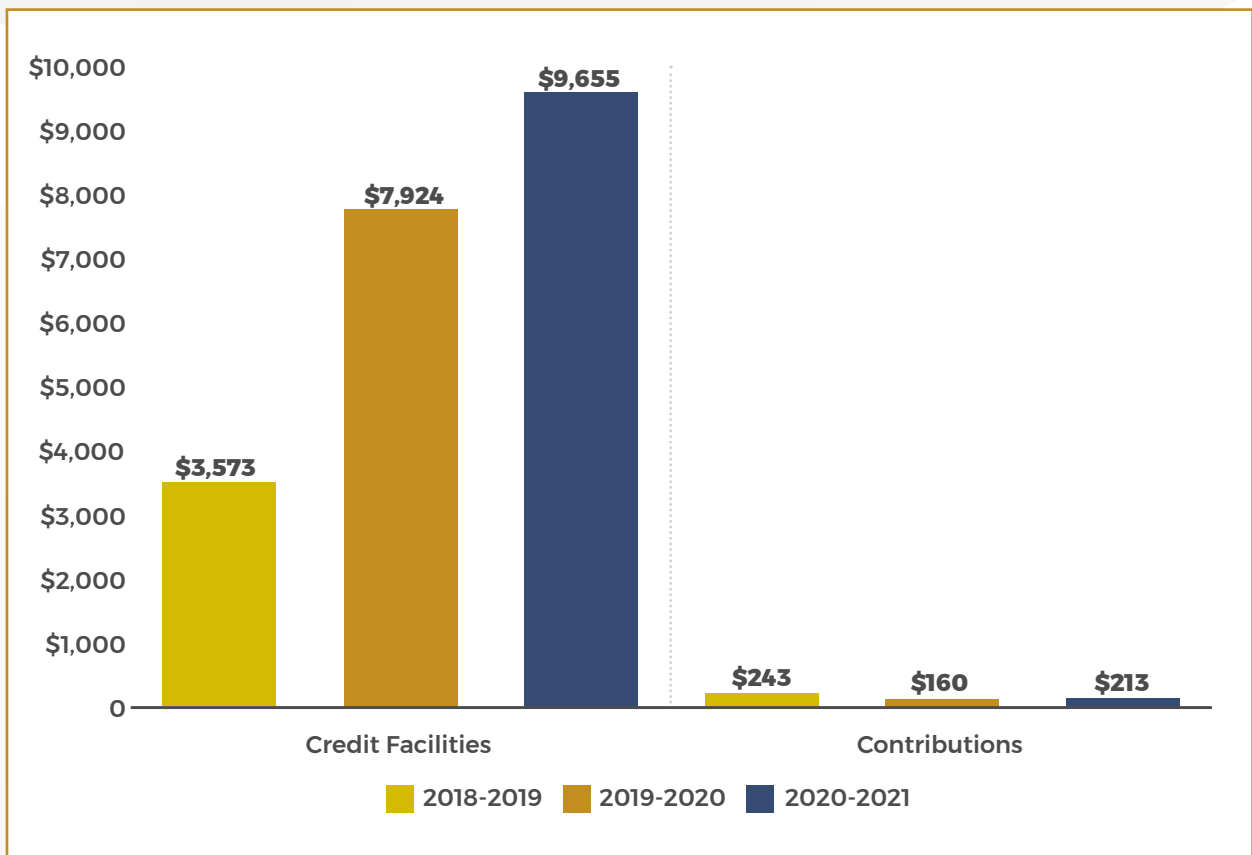
Sahtu

\$10.3 million

Number of Approved Applications



\$'s Approved (000s)





TOTAL CREDIT FACILITIES PORTFOLIO
\$52.7*
MILLION

COVID-19 INITIATIVES

WORKING CAPITAL LOANS: **99**

APPLICATIONS APPROVED




150
BUSINESSES APPROVED FOR LOAN DEFERMENT OR REDUCTIONS


Subsidiary Program



IN 2020-21
 the BDIC operated five active subsidiaries which generated
\$449,000
IN SALES

The BDIC supported **42** ARTS AND CRAFT PRODUCERS

AND CREATED 6.5 FULL-TIME EQUIVALENT JOBS
 in small NWT communities



Business Support Services

BUSINESS SESSIONS HELD 131

281 NUMBER OF PARTICIPANTS
 (in business sessions)



** This amount includes \$4.0 million in accrued interest on impaired loans which is properly excluded from the financial statements.*

RESPONSE TO COVID-19

In 2020, COVID-19 spread around the world quickly and the economic and social disruption caused has been profound.

Within weeks of the World Health Organization officially declaring COVID-19 a pandemic in March 2020, the BDIC worked collaboratively with the Department of Industry, Tourism and Investment to understand emerging needs and to explore ways to support NWT businesses and help manage the uncertainty and impacts of COVID-19.

In March 2020, BDIC introduced two new loan initiatives in response to the COVID-19 pandemic – Working Capital Loans and Loan Payment Deferment/Reduction. The purpose of these initiatives was to provide immediate temporary cashflow and, in conjunction with other government financial relief programs, provide low interest rate loans to help sustain businesses during the pandemic and support their recovery.

Working Capital Loans
Loans of up to \$25,000 (or more if the need was

clearly demonstrated) were made available to qualified businesses at a low interest rate of 1.75 percent. These loans could be amortized for up to five years with options for payment deferral to March 31, 2021 upon request.

Loan Payment Deferment/Reduction

BDIC clients could apply to have their loan repayments reduced or deferred until March 31, 2021 without penalty.

The incredible uptake and response by the business community with these BDIC initiatives and services have further showcased the need for flexible solutions and financing to help entrepreneurs and businesses at every stage and especially during turbulent times.

WORKING CAPITAL LOANS

99 LOANS APPROVED
TOTTALLING

\$2.5 MILLION

Loan Payment Deferment/Reduction

150
BUSINESSES



reduced or deferred payments*



CREATING
\$3.06
MILLION
in cash flow

* on 194 loans

PROGRAMS AND SERVICES

Credit Facilities Program

Loan Program

The BDIC supports entrepreneurs who may be facing difficulties in securing financing with traditional lenders. Repayment terms can be customized and interest rates (fixed or variable) are based on the risks.

Working Capital Guarantee

The BDIC can also provide guarantees to help entrepreneurs secure working capital from a conventional financial institution. Clients pay the BDIC an annual commission based on credit risks.

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 SLC to secure contract bids or provide securities 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**
\$52.7 MILLION*

115 CREDIT FACILITIES APPLICATIONS
APPROVED IN 2020-21

IN AMOUNT OF \$9.65 MILLION

DISBURSED IN 2020-21
\$9.5 MILLION**



* This amount includes \$4.0 million in accrued interest on impaired loans which is properly excluded from the financial statements.

** This excludes \$140,000 incurred for other fees that are related to these loans.

Venture Investment Program

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

A wide range of job creation activities can be supported by the investment program. The funds can also be used as leverage to obtain additional financing from the private sector.

Contribution Program – Business Development Project Fund (BDPF)

Entrepreneurs starting or expanding their business may be able to receive funding from the BDIC's contribution program, the Business Development Project Fund (BDPF), which had an allocation of \$200,000 in 2020-21.

Core BDPF assists businesses by funding expenses that are related to start-up, expansion, and purchase of raw materials. Short-term projects that create employment can also be supported. Businesses with a maximum of \$500,000 in annual revenue are eligible to apply.

BDPF Aftercare can provide funding to businesses for them to purchase accounting software and services, help with succession planning, and attend business training programs.



1 VENTURE INVESTMENT APPROVED

VALUE **\$350,000**



18 BDPF APPLICATIONS APPROVED

AMOUNT APPROVED
\$213,400

AMOUNT DISBURSED
\$199,300
(15 businesses)




Subsidiary Program

The BDIC invests in community initiatives and businesses that create employment and/or provide goods and services to the communities. Through the

Subsidiary Program, the BDIC aims to facilitate community ownership and provides general assistance and support with marketing and accounting.

BDIC subsidiary companies continued to maintain community employment despite a challenging year with the COVID-19 pandemic.

In 2020-21, the BDIC operated five subsidiaries that had combined total sales of \$449,000. There were 6.5 full time equivalent staff employed by the BDIC's subsidiaries and 42 arts and craft producers supported.

	SALES \$ (000s)	 DIRECT EMPLOYMENT POSITIONS (FTE)
ARCTIC CANADA TRADING CO. LTD. (ACTCL)	\$1	-
ACHO DENE NATIVE CRAFTS LTD. (ADNC)	\$50	0.8
DENE FUR CLOUDS LTD. (DFC)	\$44	1.3
913044 N.W.T. LTD. (FORT MCPHERSON TENT & CANVAS) (FMTC)	\$293	3.5
5983 N.W.T. LTD. (ULUKHAKTOK ARTS CENTRE) (UAC)	\$61	0.9
TOTAL	\$449	6.5

NWT Products Featured in London's British Museum

NWT artists made it to the world stage with products from two of BDIC's subsidiaries sent to the United Kingdom last year to be featured in the British Museum. These works of art were on display in the British Museum's retail store to complement a new exhibit, Arctic culture and climate, that was held from October 22, 2020 to February 21, 2021.

A 276-piece collection of artwork was provided by Acho Dene Native Crafts and the Ulukhaktok Arts Centre. The collection included birchbark baskets, mini mukluk ornaments, moosehair tufting



Beaded card holders from Acho Dene Native Crafts



Tea cozy from Ulukhaktok Arts Centre

brooches, beaded cases, quill beaded earrings, and tea cozies. These unique Indigenous pieces were handmade by 15 renowned artists across the Northwest Territories.

Taking Our Products Online at CRAFTED

The BDIC was able to sell products from three of its subsidiaries at the CRAFTED: Show + Sale, a one-of-a-kind craft show from November 6 to 8 that shifted to an online format in 2020.

The CRAFTED event is considered to be Winnipeg's premier holiday sale of contemporary arts and crafts. It was brought to life by the Winnipeg Art Gallery, Manitoba Craft Council (MCC),

Northwest Territories Arts, and the Nunavut Arts and Crafts Association (NACA), in collaboration with Royal Bison Art Fair. Due to the pandemic, all sales were conducted online through Shopify.

Items from 50 vendors/artists from across Manitoba, Nunavut, and the Northwest Territories were showcased at the online event. Products from Dene Fur Clouds, Acho Dene Native Crafts, and the Ulukhaktok Arts Centre were sold through the Arctic Canada Trading Company.

Business Support Services

The BDIC provides business support services to help people start and grow their business in the Northwest Territories. For business services, the BDIC operates 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 weekly online learning sessions, a business library, and a comprehensive step-by-step guide to starting a business in the NWT. The BDIC also provides a business centre with workstations and a printer and fax machine available to entrepreneurs. The services and resources provided by CBNWT are also available online and through community partners to residents across the NWT.

Despite the closure of the business centre from March to August 2020 due to the pandemic, the BDIC staff kept supporting NWT entrepreneurs by providing

business services remotely. The business 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 with 281 people attending 131 sessions during the year.

Finally, the BDIC is always seeking ways to get involved with the business community and to support and collaborate with local businesses and entrepreneurs. A key activity in 2020-21 included the BDIC's participation in the annual Yellowknife Chamber of Commerce Gala. The BDIC proudly sponsored the Resilient New Business Award that was won by Copperhouse Eatery + Lounge. BDIC staff also took part in the 2nd Annual Reverse Tradeshow organized by the NWT Chamber of Commerce. The event was held in January 2021 and gave a unique opportunity to engage directly with NWT entrepreneurs.



131
BUSINESS
SESSIONS HELD

281
NUMBER OF
PARTICIPANTS
(in business sessions)

BDIC CLIENT SUCCESS STORIES

Great Slave Bottling Company

Bullock's Bistro is Yellowknife's most famous restaurant situated in a historical landmark building since 1936. Serving up fresh fish directly from Great Slave Lake, this Yellowknife institution is beloved by both locals and visitors.

Voted the best fish and chips in Canada by *Reader's Digest* magazine, Bullock's Bistro became known across the country.

The fame enjoyed by the restaurant, along with its unique product offering, gave owners Jo-Ann Martin and Mark Elson a new idea to expand their business beyond the restaurant to sell some of their products, specifically salad dressing and fish sauce/cooking sauce, to customers.

In 2019, Martin and Elson started doing research to gain knowledge of the nutritional value and shelf life of these products. They had sold the salad dressing and fish sauce/cooking sauce directly to customers in the past, however, only in small quantities. While the restaurant was closed in 2020 due to the COVID-19 pandemic, the owners decided to promote and sell these new products online.

The public response was overwhelming; they quickly sold over 700 bottles. Local grocery stores also showed strong interest in selling the salad dressing and fish sauce/cooking sauce products.

"Within the first month, we knew we had a great business product and opportunity, but we also knew that we did not have the capacity to produce the products on a larger scale," explained Jo-Ann Martin.

To resolve production issues, Martin and Elson started planning for a food processing and bottling facility, called the Great Slave Bottling Company. The new facility would allow them to produce the salad dressing and fish sauce/cooking sauce products in larger quantities and meet increasing demand. During the development of a business plan which was done by a professional, they also discovered a



Bullock's Bistro famous fish sauce/cooking sauce and salad dressing products ready for sale



Great Slave Bottling Company's new facility

lack of co-packing facilities in Western Canada. “We realized that another business opportunity existed where we could offer bottling services to other businesses needing their products bottled,” said Martin.

With a strong business idea and plan, it was time to bring it to life. The BDIC provided the Great Slave Bottling Company with a

loan to purchase the property and build the processing facility. Through its Venture Investment Program, BDIC bought shares in the business to provide the owners with additional funds to purchase equipment. The owners also took advantage of the free online business sessions offered by the BDIC.

The owners hope that their new business endeavour

will inspire other NWT entrepreneurs. “We are determined to make this successful for ourselves and the NWT so that we might encourage others to come up with more ideas like ours to diversify our economy and create more business opportunities,” declared Martin.

“Within the first month, we knew we had a great business product.”
 - Jo-Ann Martin

BDIC CLIENT SUCCESS STORIES

Rampart Rentals

Rampart Rentals Ltd. originally started as a movie and games rental store that sold snacks and candy in the community of Norman Wells. Today, it is a full-service grocery store that also sells general merchandise that has become a staple in the Sahtu region.

This journey has been driven by hard work and a strong commitment to the customer. The three Earls brothers, Joshua, Matthew and Jordan, worked at Rampart Rentals while attending high school and university. The time they spent at the store stocking the shelves and serving the customers gave them the opportunity to learn the basics of the business. Over the years, they saved enough money to acquire the store in 2016.

Since that time, the brothers have changed and expanded the products and services offered by Rampart Rentals beyond Norman Wells, providing personalized food orders for restaurants, oil field camps, tourism companies, and local businesses across the Sahtu region. “We help service anyone that we can and to the best of our abilities,” mentions Joshua Earls. “Our business sells products that can’t be found anywhere else in the Sahtu and clients are also able to do custom orders to get the goods they need and want.” Customer satisfaction is central to the business and the

Earls brothers are focused on providing their clients with high-quality products and services. “For us, customer service is really important,” Joshua Earls explained, “and we want to make sure that people enjoy their experience with Rampart Rentals.”



Rampart Rentals offers fresh fruits and vegetables to its customers.



The Earls brothers, Matthew, Marcus, Jordan and Joshua were all involved in the family business.

BDIC's financial support was key in the expansion of Rampart Rentals and helped to double the original footprint of the building. "We would definitely go back to the BDIC before searching for any alternative ways of financing new projects," adds Joshua Earls.

The business continues to evolve and pursue new opportunities. In addition to selling food products and general merchandise items, Rampart Rentals has diversified its activities to include the freight business, unloading planes from Buffalo Airways and using barges and

ice roads to transport goods from Edmonton to Norman Wells.

“ We help service anyone that we can and to the best of our abilities. ”
- Joshua Earls

REPORTING ON THE 2020-21 SCORECARD

The objectives below were approved by the Board of Directors in the BDIC's 2020-21 Corporate Plan.

OBJECTIVE 1	2020-21 TARGET
 <p>Align the vision of the BDIC with the economic goals of the Government of the Northwest Territories (GNWT)</p>	<p>Evaluate, refocus, and revise the goals and policies of BDIC programs.</p>
STATUS	
	<p>The BDIC Board completed a 2021-24 Strategic Plan which provides a high-level guidance and decision-making framework to help the BDIC align resources and strategic objectives to realize its vision of a stronger, more resilient NWT business sector.</p> <p>The Strategic Plan defined the new vision and mission to align with the Mandate of the Government of the Northwest Territories (2019-2023) and to advance the priorities of the 19th Legislative Assembly.</p>

OBJECTIVE 2

2020-21 TARGET



Develop performance measures to improve the BDIC's programs

Develop a strategic plan to coincide with the economic vision of the GNWT.

STATUS

The 2021-24 Strategic Plan identified the need to expand performance measurement processes, including the development of outcome based Key Performance Indicators (KPI) for BDIC programs.



OBJECTIVE 3

2020-21 TARGETS



Enhance the performance of the subsidiaries

- Establish an inventory management system
- Develop a business plan for each operating subsidiary
- Assess the subsidiaries product prices and cost structures
- Revamp the website for the Arctic Canada Trading Company

STATUS

The BDIC completed inventory management and controls for Ulukhaktok Arts Centre and is on track to complete a similar process with Acho Dene Native Crafts Ltd. in 2021-22.



Given travel restrictions and changes to operations during the pandemic, the BDIC will develop business plans for each operating subsidiary in 2021-22 with a focus on supporting business growth and diversification while optimizing asset utilization.

The BDIC is on track to complete the assessment of product prices and costs and will assess the website for Arctic Canada Trading Company.

OBJECTIVE 4

2020-21 TARGETS



Relaunch the Venture Investment Program

- Assess similar investment programs
- Evaluate the eligibility criteria to promote flexibility
- Develop risk assessment and rate of return guidelines

STATUS



The BDIC approved its first venture investment since 2005.

The BDIC performed a cross-jurisdictional review of publicly funded venture investment programs across Canada.

Based on this review, the BDIC is redesigning the program to meet the needs of NWT entrepreneurs and businesses.

OBJECTIVE 5

2020-21 TARGETS



Improve Business Support Services by continuing to develop partnerships, products, and services to the business community

- Expand the offering of Business Support Services in a manner that will benefit the business community.
- Leverage partnerships, offer business information on the website, and assess new opportunities and methods in delivering information.

STATUS



To ensure the safety of staff and clients, the BDIC shifted its business learning to an online format providing more sessions and increasing the number of participants. To understand needs and promote and enhance services, the BDIC increased engagement with the Canadian Northern Economic Development Agency (CanNor) and Community Futures, conducted more client meetings, and explored several new partnerships for business services.

DISBURSEMENTS

Business Name	Owners	Community	Program	Amount
506444 N.W.T. Ltd. (o/a Pandaville Restaurant)	Yu, Zhong Zhang	Fort Simpson	Credit	\$25,000
506511 N.W.T. Inc. (o/a Sundog Maintenance Services)	Cadwell-Lepine, Paula and Lepine, John	Fort Smith	Credit	\$10,000
507074 N.W.T. Ltd.	Dempsey, Catherine, Dempsey, Colin and Wever, Trevor	Yellowknife	Credit	\$467,500
507299 N.W.T. Ltd.	McIntosh, Richard and Wenman, Christine	Yellowknife	Credit	\$21,000
507323 N.W.T. Ltd. (o/a Sundog Adventures)	McIntosh, Richard and Wenman, Christine	Yellowknife	Credit	\$25,000
507336 N.W.T. Ltd. (o/a Juniper Health)	Bokor, Michael	Yellowknife	Credit	\$15,000
507412 N.W.T. Ltd. (o/a ReLeaf NT)	Maduke, John; Shishkov, Graham and Wood, Luke	Yellowknife	Credit	\$7,000
507498 N.W.T. Ltd.	Kowal, Joseph	Fort Simpson	Credit	\$45,000
507511 N.W.T. Ltd.	Maher, Bryce	Hay River	Credit	\$791,100
5707 N.W.T. Ltd. (o/a La Dee Dah Boutique)	Ashton, Nikki; Ashton, Tod; King, Dayna and King, Michael	Hay River	Credit	\$25,000
6072 N.W.T. Ltd.	Kobaissi, Hazem	Yellowknife	Credit	\$25,000
6165 N.W.T. Ltd.	Guy, Wayne and Tsetsos, Constantina	Yellowknife	Credit	\$8,000
6240 N.W.T. Ltd. (o/a Beaufort Construction)	Mustafa, Mahmoud	Inuvik	Credit	\$25,000
7214936 Canada Inc. (o/a Javaroma Gourmet Coffee and Tea)	Kassem, Rami	Yellowknife	Credit	\$50,000

Business Name	Owners	Community	Program	Amount
Adam Dental Clinic Ltd.	Adam, Hassan	Yellowknife	Credit	\$50,000
Adam, Charlene (o/a Quilted Raven)	Adam, Charlene	Yellowknife	Credit	\$15,000
After 8 Pub Incorporated	Snow, Crystal and Snow, Jamie	Yellowknife	Credit	\$25,000
Ali, Semir	Ali, Semir	Inuvik	Credit	\$12,000
Arctic Chalet Ltd.	Falsnes, Judi and Falsnes, Olav	Inuvik	Credit	\$25,000
Artless Collective Inc.	Bulckaert, Jay and Saravanja, Pablo	Yellowknife	Credit	\$25,000
B. Dene Adventures Inc.	Drygeese, Robert	Yellowknife	Credit	\$18,600
Benedict, Karen and Stewart, Tammy (o/a Snippets Beauty Salon)	Benedict, Karen and Stewart, Tammy	Yellowknife	Credit	\$17,832
Big River Service Centre LLP	Fort Providence Metis Council and Providence Versatile Ventures Inc.	Fort Providence	Credit	\$25,000
Boreal Cultivation Inc.	Harker, Brooke; Harker, Jordan and Healy, Damien	Yellowknife	Credit	\$1,433,812
Bouchard Holdings Ltd.	Bouchard, Robert	Hay River	Credit	\$17,500
Break Away Fitness Ltd.	Lubansa, Bright and Nelson, Norma	Yellowknife	Credit	\$25,000
Bullocks Bistro (2016) Ltd.	Elson, Mark and Martin, Jo-Ann	Yellowknife	Credit	\$353,000
Bush Order Provisions Ltd.	Auger, Marie-Christine and Thomas, Klye	Yellowknife	Credit	\$387,578
Canadian Quest Logistics Inc.	Anderson, Roger	Inuvik	Credit	\$25,000
Clarke, Kelly; Clarke, Larry; McQueen, Montana and McQueen, Wynter (o/a North of 60 Aurora Adventures)	Clarke, Kelly; Clarke, Larry; McQueen, Montana and McQueen, Wynter	Yellowknife	Credit	\$12,000
Chatron, Lloyd (o/a Northern Lights Appliance Service)	Chatron, Lloyd	Yellowknife	Credit	\$12,000
Chung, He Yong; Son, Catherine and Son, Moon (o/a Korea House)	Chung, He Yong; Son, Catherine and Son, Moon	Yellowknife	Credit	\$25,000

Business Name	Owners	Community	Program	Amount
Dempsey Holdings NWT Ltd.	Dempsey, Colin and Zock-Dempsey, Ainsley	Yellowknife	Credit	\$21,000
Desjardins, Meagan (o/a Etandah Organic Day Spa)	Desjardins, Meagan	Yellowknife	Credit	\$25,000
Eagle 88 Enterprises Ltd.	Benoit, Lucie; Benoit Mark and Benoit, Raymond	Hay River	Credit	\$25,000
Ehmbee Ltd.	Sibbeston, Karen and Sibbeston, Nick	Fort Simpson	Credit	\$25,000
Emes, Brian	Emes, Brian	Hay River	Credit	\$15,000
EPR Yellowknife Accounting Professional Corporation	Chakrabarty, Biswanath	Yellowknife	Credit	\$50,000
Ernie's Automotive Ltd.	Pokiak, Ernest and Pokiak, Pennie	Hay River	Credit	\$25,000
Event Rentals Yellowknife Ltd.	507074 N.W.T. Ltd.	Yellowknife	Credit	\$25,000
F.C. Services Ltd.	Grosco, Angela; Grosco, Curtis, Grosco, Luke and Grosco, Margaret	Behchokq	Credit	\$25,000
Freund, Terry (o/a Precision Industries)	Freund, Terry	Fort Smith	Credit	\$25,000
Glaicar, April (o/a April Glaicar Studios)	Glaicar, April	Hay River	Credit	\$7,500
Global Storm IT Corporation	Marshall, Kirby	Yellowknife	Credit	\$75,000
Gon, John (o/a First North Productions)	Gon, John	Yellowknife	Credit	\$10,000
Granny's Suites & Rentals Ltd.	Sibbeston, Darlene	Fort Simpson	Credit	\$685,000
Greenway Holdings Ltd.	Groenewegen, Jane and Groenewegen, Richard	Hay River	Credit	\$625,000
Guy Architects Ltd.	Guy, Wayne and Tsetsos, Constantina	Yellowknife	Credit	\$25,000
Hansen, Michael (o/a M.E. Hansen Law)	Hansen, Michael	Hay River	Credit	\$25,000
Hardisty, Betty (o/a R & B Real Estate Venture)	Hardisty, Betty	Fort Simpson	Credit	\$22,286

Business Name	Owners	Community	Program	Amount
Hearne Lake Operations Ltd.	Yoder, Edie and Yoder, Ken	Yellowknife	Credit	\$25,000
Horvat, Daniel and Rusk, Krista (o/a North of 60 Massage Therapy and Wellness)	Horvat, Daniel and Rusk, Krista	Yellowknife	Credit	\$25,000
Hovat Construction (1985) Ltd.	Sputek, Eric	Yellowknife	Credit	\$75,000
Howard Electric Co. Ltd.	Howard, Craig	Tuktoyaktuk	Credit	\$25,000
Indigenous Concepts and Solutions Inc.	Gaudet, Danny	Déłıne	Credit	\$200,000
Inkit Limited	Gray, Katherine	Yellowknife	Credit	\$25,000
Konisenta, Jean Marie (o/a Nahanni River Expediting)	Konisenta, Jean Marie	Nahanni Butte	Credit	\$10,000
Kuptana, Robert (o/a Beaudel Services)	Kuptana, Robert	Ulukhaktok	Credit	\$5,000
Kuptana, Robert and Kuptana, Travis (o/a Arctic Outfitting and Adventures)	Kuptana, Robert and Kuptana Travis	Ulukhaktok	Credit	\$20,000
LAS Holdings Ltd. (o/a Smitty's B&B)	Smith, Laverna	Tuktoyaktuk	Credit	\$25,000
Legat, Alice	Legat, Alice	Yellowknife	Credit	\$22,000
Life Care Planning Ltd.	Hutton, Jay and Hutton Marion	Yellowknife	Credit	\$15,000
Lu, Hoa Thai (o/a Diamond Nails)	Lu, Hoa Thai	Yellowknife	Credit	\$25,000
MacIntosh, Tessa (o/a Blue Raven Guest House)	MacIntosh, Tessa	Yellowknife	Credit	\$4,010
McArthur, Robert (o/a Aurora TPI Travel)	McArthur, Robert	Fort Smith	Credit	\$10,000
Melnyk, Natalie (o/a Ink and Iron Hair Design)	Melnyk, Natalie	Fort Smith	Credit	\$20,000
Monster Recreational Products Ltd.	Fizer, Janet-Marie and Williams, Patrick	Hay River	Credit	\$25,000
NARWAL Northern Adventures Ltd.	Allooloo, Catherine; Allooloo, Devon and Ayalik, Tiffany	Yellowknife	Credit	\$25,000

Business Name	Owners	Community	Program	Amount
Nguyen, Thanh Tan (o/s Miss Saigon)	Nguyen, Thanh Tan	Yellowknife	Credit	\$6,000
Norn, Leslie (o/a Les Norn Contracting)	Norn, Leslie	K'atl'odeeche	Credit	\$8,000
Northern Comfort Construction Ltd.	Lafreniere, Daniel	Hay River	Credit	\$320,000
Northwestern Air Lease Ltd.	Harrold, Brian and Harrold, Terence	Fort Smith	Credit	\$250,000
NWT Fish Company Ltd. (o/a Due North Services)	Forsbloom, Derek	Yellowknife	Credit	\$25,000
Olson, Jake (o/a YK Gold and Silver)	Olson, Jake	Yellowknife	Credit	\$15,000
Outcrop Communications Ltd.	Hayward, Jennifer	Yellowknife	Credit	\$25,000
PH8 Studio Ltd.	Rivers, Gillian	Yellowknife	Credit	\$25,000
PIDO Production Ltd.	Dolan, Sandra and Pitre, Jeff	Yellowknife	Credit	\$50,000
Porter, William (o/a William Porter Acupuncture)	Porter, William	Yellowknife	Credit	\$10,000
Qimmiq Kennels Ltd.	Langlois, Shane and Kelly, Joanne	Yellowknife	Credit	\$65,855
Rampart Rental Ltd.	Earls, Joshua and Earls, Matthew	Norman Wells	Credit	\$200,000
Roche, Kevin (o/a Keson Electrical)	Roche, Kevin	Déłıne	Credit	\$20,000
Sambaa K'e Development Corporation Ltd.	Sambaa K'e First Nation members	Sambaa K'e	Credit	\$25,000
Shiloh Ltd.	Van Vliet, Carmen; Van Vliet, Christian and Van Vliet Paisley	Inuvik	Credit	\$1,180,000
Sombe K'e Family Dental Professional Corporation	Kobaissi, Hazem	Yellowknife	Credit	\$25,000
South Nahanni Outfitters Ltd.	Aschbacher, Werner Franz and Petersen, Sunje	Tagish	Credit	\$25,000
Steen Enterprises Ltd.	Steen, John	Tuktoyaktuk	Credit	\$25,000

Business Name	Owners	Community	Program	Amount
Stanley Boxing and Fitness Inc.	Stanley, John and Thomson, Scott	Yellowknife	Credit	\$25,000
Summit Roofing Ltd.	Burshan, Ava and van Bochove, Dingeman	Yellowknife	Credit	\$200,000
Sunrise Cabinets & Millwork Ltd.	MacDonald, Chivon and MacDonald, Mark	Enterprise	Credit	\$25,000
Taiga Sports Fishing Ltd. (o/a Blachford Lake Lodge)	Freeland, Mike	Yellowknife	Credit	\$348,900
Territorial Quick Print Inc.	Haywood, Jayne	Hay River	Credit	\$25,000
Tsetso, Julia (o/a Flutterby Sales and Service)	Tsetso, Julia	Fort Simpson	Credit	\$6,700
Van Stiphout, Sarah (o/a Cabin Snacks)	Van Stiphout, Sarah	Yellowknife	Credit	\$25,000
Wallbridge, Garth (o/a Wallbridge Law Office)	Wallbridge, Garth	Yellowknife	Credit	\$25,000
Westergreen, Anneka (o/a Fireweed Therapeutic Counselling)	Westergreen, Anneka	Yellowknife	Credit	\$5,000
Whitehead, Gillian (o/a Oasis Hair Spa)	Whitehead, Gillian	Yellowknife	Credit	\$25,000
Wong, Daniel (o/a Jack Pine Paddle)	Wong, Daniel	Yellowknife	Credit	\$21,000
Yellow Dog Lodge Inc.	Gin, Gordon and Gin, Kathleen	Behchokq	Credit	\$25,000
Yellowknife Golf Club Co-operative Limited	Yellowknife Golf Club Co-operative members	Yellowknife	Credit	\$20,000
Yellowknife Gymnastics Club Ltd.	Yellowknife Gymnastics Club	Yellowknife	Credit	\$25,000
Young, Laurie (o/a The Rusty Raven Gallery and Gift)	Young, Laurie	Fort Smith	Credit	\$16,500
Yukon, Christopher (o/a Sahtu De Contracting)	Yukon, Christopher	Délıne	Credit	\$30,000
507498 N.W.T Ltd	Kowal, Joseph	Fort Simpson	Contribution	\$20,000
Bush Order Provisions Ltd.	Thomas, Kyle	Yellowknife	Contribution	\$10,000

Business Name	Owners	Community	Program	Amount
Cable, Russell (o/a Rusty Cable's Towing)	Cable, Russell	Fort Simpson	Contribution	\$20,000
Cetana Neuropathy Ltd.	Rentmeister, Tyler	Yellowknife	Contribution	\$7,312
Ensing, Nathan	Ensing, Nathan	Yellowknife	Contribution	\$8,968
Granny's Suites and Rentals Ltd.	Sibbeston, Darlene	Fort Simpson	Contribution	\$20,000
James Company Ltd.	Nitsiza, Alex (Sr)	Whatì	Contribution	\$19,994
Konisenta, Roxanne (o/a Roxy's Takeout)	Konisenta, Roxanne	Nahanni Butte	Contribution	\$20,000
Kreft, Monica (o/a Silverweed Therapeutic Services)	Kreft, Monica	Yellowknife	Contribution	\$2,020
Okpalugo, Uchenna (o/a Beaver Educational Consulting)	Okpalugo, Uchenna	Yellowknife	Contribution	\$13,000
Rukunda, Winnifred (o/a Solid Touch Day Home)	Rukunda, Winnifred	Yellowknife	Contribution	\$9,669
Sambaa K'e Development Corporation Ltd.	Sambaa K'e First Nation members	Sambaa K'e	Contribution	\$20,000
Trustwell Marketing Inc.	Kassem, Rami	Yellowknife	Contribution	\$9,840
Walden, Jennifer	Jennifer, Walden	Yellowknife	Contribution	\$8,500
Whitehead, Gillian (o/a Oasis Hair Spa)	Whitehead, Gillian	Yellowknife	Contribution	\$10,000
5983 NWT Ltd. (o/a Ulukhaktok Arts Centre)	BDIC	Ulukhaktok	Subsidiary	\$100,000
913044 NWT Ltd. (o/a Fort McPherson Tent and Canvas)	BDIC	Fort McPherson	Subsidiary	\$220,000
Acho Dene Native Crafts Ltd.	BDIC	Fort Liard	Subsidiary	\$150,000
Arctic Canada Trading Company Ltd.	BDIC	Yellowknife	Subsidiary	\$2,000
Dene Fur Clouds Ltd.	BDIC	Fort Providence	Subsidiary	\$130,000
TOTAL:				\$10,309,976

2020-21 Disbursed Financial Assistance by Industry Sector

INDUSTRY SECTOR	LOANS		CONTRIBUTIONS		SUBSIDIARY SUBSIDIES	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Accommodation and Food Services	11	1,224	2	40		
Agriculture	2	1,821	1	10		
Arts and Crafts	2	24	1	8	2	250
Business Services	3	45	2	30		
Construction	8	700				
Educational Services	1	25				
Entertainment and Recreation	4	96				
Fisheries	2	40				
Forestry and Logging	1	30				
Healthcare and Social Assistance	5	95	2	9		
Information and Cultural Industries	3	100				
Management of Companies and Enterprises	3	842				
Manufacturing	2	40			2	350
Other Services	7	986	3	43	1	2
Professional, Scientific and Technical	7	425	1	9		
Real Estate and Rental	4	662				
Retail Trade	23	1,837	2	30		
Transport and Storage	2	275	1	20		
Travel and Tourism	12	242				
Total	102	\$9,509*	15	\$199	5	\$602

*This excludes \$140,000 incurred for other fees that are related to these loans.

LOOKING FORWARD

2020 was a disruptive year on many fronts both globally and locally. The NWT business community faced major challenges and the BDIC, working collaboratively with our partners, strived to provide new solutions to meet changing needs.

The pandemic required many of us, including the BDIC, to rethink how we do business and to explore new opportunities and ways of doing things. It emphasized the importance of understanding the changing needs of entrepreneurs and businesses in the NWT and responding to meet those needs. It also highlighted the value of partnerships in understanding and exploring opportunities and implementing solutions. The BDIC will build on this learning and experience as we look to help businesses and support recovery in the NWT.

Guided by a new Strategic Plan (2021-2024), the BDIC will continue to provide value-added products and services to support NWT enterprises at every stage of the business lifecycle. The BDIC will pursue several strategic initiatives

over the next several years including legislative and regulatory changes to the BDIC Act, a revised Venture Investment Program, the digital transformation of processes and services, and more value-added business services with enhanced promotion of these services. A cornerstone for development of these initiatives will be expanded community engagement and partnerships.

Inspired by the perseverance and dedication demonstrated by northern entrepreneurs and businesses this past year, the BDIC looks forward to working with various partners and stakeholders to promote business growth and diversification and to advance the vision of a stronger, more resilient business sector in the Northwest Territories.

Northwest Territories Business Development and Investment Corporation

Consolidated Financial Statements

For the year ended

March 31, 2021

Northwest Territories Business Development and Investment Corporation

Management's Responsibility for Financial Reporting

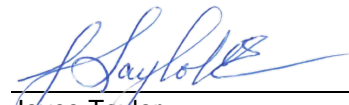
The accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation (the Corporation) are the responsibility of the Corporation's management and have been reviewed and approved by its board of directors.

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.



Joyce Taylor
Chief Executive Officer



Leonard Kwong
Director, Finance and Programs

August 25, 2021



INDEPENDENT AUDITOR'S REPORT

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

Opinions

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 2021, 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.

Qualified Opinion on the Results of Operations and Changes in Net Financial Assets

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated statement of operations and accumulated surplus and consolidated statement of change in net financial assets present fairly, in all material respects, the consolidated results of operations and consolidated changes in net financial assets of the Group for the year ended 31 March 2021 in accordance with Canadian public sector accounting standards.

Opinion on the Financial Position and Cash Flows

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

Basis for Opinions, Including Basis for Qualified Opinion on the Results of Operations and Changes in Net Financial Assets

On 11 March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). As a result, measures were put in place that impacted our ability to observe the counting of physical inventories as at 31 March 2020. We were also unable to satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations and changes in net financial assets, we were unable to determine whether adjustments to the results of operations and changes in net financial assets might have been necessary in the consolidated statement of operations and accumulated surplus and in the consolidated statement of changes in net financial assets, respectively, for the year ended 31 March 2021.

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 unmodified opinion on the financial position and cash flows and our qualified opinion on the results of operations and changes in net financial assets.

Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

Edmonton, Canada
25 August 2021

Northwest Territories Business Development and Investment Corporation**Consolidated Financial Statements (March 31, 2021)**

	<u>Page</u>
Consolidated Statement of Financial Position	7
Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Operations and Accumulated Surplus	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11 – 30
Schedule A – Consolidated Schedule of Tangible Capital Assets	31

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

	March 31, 2021	March 31, 2020
	\$	\$
Financial Assets		
Cash (Note 3)	18,229	19,436
Accounts receivable	130	186
Inventories for sale (Note 4)	340	498
Loans receivable (Notes 5, 6 and 7)	43,511	36,723
	<hr/> 62,210	<hr/> 56,843
Liabilities		
Accounts payable and accrued liabilities	1,061	921
Post-employment benefits (Note 9)	297	345
Advances from the Government (Note 10)	26,798	21,228
Asset retirement obligations	31	31
	<hr/> 28,187	<hr/> 22,525
Net financial assets	<hr/> 34,023	<hr/> 34,318
Non financial assets		
Tangible capital assets (Schedule A)	244	318
Prepaid expenses	12	1
	<hr/> 256	<hr/> 319
Accumulated surplus	<hr/> 34,279	<hr/> 34,637

Venture investments (Note 8)

Commitments and contingencies (Notes 13 and 14)

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

Denny Rodgers
Chairperson of the Board of Directors

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

For the year ended March 31	Budget 2021	Actual 2021	Actual 2020
	\$	\$	\$
Annual (deficit) surplus	344	(358)	1,192
Acquisition of tangible capital assets	-	-	(89)
(Gain) on disposal of tangible capital assets	-	-	(41)
Amortization of tangible capital assets	77	74	79
Proceeds received from disposal of tangible capital assets	-	-	71
	77	74	20
Acquisition of prepaid expenses	-	(12)	(16)
Use of prepaid expenses	-	1	20
	-	(11)	4
(Decrease) increase in net financial assets	421	(295)	1,216
Net financial assets, beginning of year	34,318	34,318	33,102
Net financial assets, end of year	34,739	34,023	34,318

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

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

For the year ended March 31	Budget 2021	Actual 2021	Actual 2020
	\$	\$	\$
Revenues			
Interest on loans receivable	2,300	2,212	2,511
Sales and other income	766	468	831
Gain on disposal of tangible capital assets	-	-	41
Interest on pooled cash (Note 3)	132	139	399
	3,198	2,819	3,782
Government transfers (Note 11)	2,909	2,954	2,922
	6,107	5,773	6,704
Expenses (Note 12)			
Lending and investments	4,366	5,171	4,086
Retail and manufacturing	1,397	960	1,426
	5,763	6,131	5,512
Annual (deficit) surplus	344	(358)	1,192
Accumulated surplus, beginning of year	34,637	34,637	33,445
Accumulated surplus, end of year	34,981	34,279	34,637

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

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

For the year ended March 31	2021	2020
	\$	\$
Operating transactions		
Cash received from:		
Governments	2,109	2,056
Customers	491	886
Interest	1,352	2,811
	<hr/> 3,952	<hr/> 5,753
Cash paid for:		
Compensation and benefits	1,953	3,169
Payments to suppliers	743	1,319
Grants and contributions	199	153
	<hr/> 2,895	<hr/> 4,641
Cash provided by operating transactions	<hr/> 1,057	<hr/> 1,112
Capital transactions		
Acquisition of tangible capital assets	-	(255)
Proceeds from disposal of tangible capital assets	-	77
	<hr/> -	<hr/> 77
Cash used for capital transactions	<hr/> -	<hr/> (178)
Investing transactions		
Loans receivable disbursed	(9,649)	(3,351)
Loans receivable repaid	1,885	4,608
	<hr/> (7,764)	<hr/> 1,257
Cash (used for) provided by investing transactions	<hr/> (7,764)	<hr/> 1,257
Financing transactions		
Advances from the Government	5,500	-
	<hr/> 5,500	<hr/> -
Cash provided by financing transactions	<hr/> 5,500	<hr/> -
(Decrease) increase in cash	<hr/> (1,207)	<hr/> 2,191
Cash, beginning of year	19,436	17,245
Cash, end of year	<hr/> 18,229	<hr/> 19,436

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

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

1. The Corporation

(a) Authority

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

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

(b) Mandate

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

(c) Government transfers and advances

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

The Corporation and its organizations are economically dependent upon the transfers received from the Government for their ongoing operations (Note 17).

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

(d) Taxes

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

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

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.

At the time of preparation of these consolidated financial statements, management believes the estimates and the assumptions to be reasonable under the continued effect from the COVID-19 situation.

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

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

(b) Principles of consolidation

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

Organization	Location	Percentage Ownership	Incorporation Date
Light manufacturing			
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
Fine arts and crafts			
Acho Dene Native Crafts Ltd.	Fort Liard, NT	100%	October 15, 1992
5983 N.W.T. Ltd. (o/a Ulukhaktok Arts Centre)	Ulukhaktok, NT	100%	February 12, 2008
Wholesale/retail stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
Muskox Harvesting			
6355 N.W.T. Ltd.	Sachs Harbour, NT	100%	May 12, 2011

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

2. Summary of significant accounting policies (continued)

(c) Cash

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

(d) Inventories for sale

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

(e) Loans receivable

Loans receivable are initially recognized at cost. Valuation allowances are used to adjust the carrying amount of loans receivable to the lower of cost and net recoverable value. Concessionary loans are recorded at net present value at issue, and 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. Previously, loans were considered in default when payment is three months past due (unless the loan is fully secured), or six months past due (regardless of whether or not the loan is fully secured), the underlying loan is classified as impaired. 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 requests, loan restructuring requests and loan payments received subsequent to year-end to determine if loans were performing or impaired.

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

Concessionary loans are recorded at the discounted value of the loan after the grant portion has been charged to interest expense and cost of interest rate reduction. For concessionary loans, subsequent to initial valuation, the loans are carried at amortized costs using the effective interest method. The discounted value and the effective interest rate are determined using the prime rate adjusted for risk at the date of issuance. The grant portion is calculated as the difference between the face value and the discounted value of the loan and is recorded as interest expense and cost of interest rate reduction at the date of issue.

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

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

2. Summary of significant accounting policies (continued)

(e) Loans receivable (continued)

In accordance to the updated FAA that came into effect on April 1, 2016, 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. An account can only be approved for forgiveness by the board of directors (\$500 or less) or the FMB (over \$500). Once an account has been forgiven, no further collection action is possible.

(f) Allowance for credit losses

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

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

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

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

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

(g) Venture investments

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

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

There is no active quoted market.

(h) Asset retirement obligations

The fair value of an asset retirement obligation is recognized in the period in which the obligation is incurred and is discounted from the expected date of settlement back to its present value using the

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

2. Summary of significant accounting policies (continued)

(h) Asset retirement obligations (continued)

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.

(i) Government transfers

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

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

(j) 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.

(k) Tangible capital assets

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

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

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

2. Summary of significant accounting policies (continued)

(k) Tangible capital assets (continued)

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.

(l) 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. These financial instruments are measured at cost.

(m) Non financial assets

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

(n) Segment disclosure

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

(o) Future accounting changes

The PSAB issued the following two new sections effective on or after April 2022 and 2023. The Corporation is currently assessing the impact of the two sections.

Section PS 3280, "Asset Retirement Obligation": This section establishes standards on how to account for and report for assets retirement obligations. This section is effective for fiscal year beginning on or after April 1, 2022 with earlier adoption permitted.

Section PS 3400, "Revenue": This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. This section is effective for fiscal year beginning on or after April 1, 2023 with earlier adoption permitted.

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'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. The eligible classes of securities, categories of issuers,

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

3. Cash (continued)

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 \$139,000 in interest at an average investment yield of 0.83% during the year (2020: \$399,000 at an average investment yield of 2.30%).

In accordance with Section 27 of the Act, the Corporation is required to establish a Loan and Investments Fund for its lending and investing activities. The Program, Projects and Services Continuation Regulations (Regulations) of the Corporation specifies in Part 1 Section 4 (2), that a Loans and Bonds

Fund will be used to record the lending operations while in Part 2 Section 19 (2), a Venture Investment Fund will be used to record the venture investment operations. Furthermore, under the Regulations Part 2 Section 18 (2), the Corporation has the obligation to continue to maintain a Capital Fund and the Subsidy Fund.

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

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

	000's	
	2021	2020
	\$	\$
Cash held by the Corporation for operations	5,284	4,723
Cash held by the Corporation's organizations	1,924	1,606
Cash held for post-employment benefits	297	345
	7,505	6,674
Venture Investment Fund	4,190	4,190
Capital Fund	873	873
Subsidy Fund	435	434
Venture Reserve Fund	486	486
Loans and Bonds Fund	4,593	6,632
Capital Reserve Fund	147	147
	10,724	12,762
	18,229	19,436

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

4. Inventories for sale

	000's	
	2021	2020
	\$	\$
Arts and crafts	146	289
Canvas products	194	209
	340	498

During the year, \$101,000 of inventories were written down (2020: \$124,000) and no inventories were pledged as security. Also, during the year, the Corporation had \$35,000 recoveries on inventory that had been previously written down (2020: \$28,000). Inventory write-downs and recoveries are included in the cost of goods sold.

5. Impact of COVID-19

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Global business and investment markets were immediately and substantively affected. Within the Corporation's portfolio, industries have been impacted differently. In response to the pandemic, the Government announced on March 20, 2020 certain economic relief measures through the Corporation effective April 1, 2020. The Corporation's two economic relief programs are considered to provide concessionary terms to qualified businesses.

Economic relief programs

- Interest Rate Differential

The Corporation offered low interest working capital loans during the pandemic. 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%). Ninety-one loans totaling \$2,319,000 were disbursed under this program. At March 31, 2021, allowance for credit losses on these loans total \$111,000.

The Corporation has recognized the total estimated cost of the economic relief loans with concessionary terms to be \$271,000 as an expense in the current year.

- Compound Interest on Deferred Loans

The Corporation allowed clients that applied to have their loan repayments reduced or deferred until March 31, 2021 without penalty or additional interest charges. Approval was provided for interest and payment deferrals throughout the year for all qualified loans receivable.

The Corporation has recognized the total estimated cost of the economic relief program for this concessionary term to be \$32,000 as an expense in the current year.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

5. Impact of COVID-19 (continued)

Economic relief programs extended

With the continued impact of COVID-19 affecting the Northwest Territories' economy, in March 2021, the Corporation's Application Review Committee approved twenty-four loan clients (with a total of thirty-two loans) additional deferral options for up to six months to the end of September 2021. The additional deferrals approved include:

- fifteen loans totalling \$5,026,000 have principal and interest deferred,
- nine loans totalling \$2,962,000 are interest only deferrals, and
- eight loans totalling \$2,499,000 have decreased fixed payments.

These deferrals have no concessionary terms and will include penalty and/or additional interest charges. Of these loans a total of \$4,491,000 have been classified as impaired due to the increased risk of default on account and \$1,220,000 are included in specific allowance.

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			
		2021		2020	
		Rate Range	Balances	Rate Range	Balances
		%	\$	%	\$
Performing loans due within:	1 year	4.70-7.95	7,657	4.70-7.95	3,135
	1-2 years	4.70-6.70	7,857	2.00-7.95	9,246
	2-3 years	5.45-7.45	3,591	4.70-6.70	8,108
	3-4 years	2.95-6.95	4,501	3.00-6.95	6,204
	over 4 years*	1.75-6.95	12,790	2.95-7.95	7,270
			36,396		33,963
	Accrued loan interest receivable		1,154		196
	Impaired loans		11,160		6,054
			48,710		40,213
	Less: allowance for credit losses (Note 7)		5,199		3,490
			43,511		36,723

* These loans receivables have been reduced by \$303,000 under the concessionary terms (Note 5)

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2021

6. Loans receivable (continued)

During the year, the Corporation issued \$7,330,000 in new loans and \$2,319,000 in economic relief working capital loans.

In 2021, no accounts (including impaired interest) were written off by the board of directors (2020: nil) and no accounts were forgiven (2020: nil) by the FMB. Recoveries on loans previously written off from both loans receivable and allowance totalled \$38,000 (2020: \$33,000).

Concentration of credit risk

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

Industry sector concentration

Sectors	000's			
	2021		2020	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Accommodations, food and beverage	5,493	1,791	4,575	1,041
Agriculture	1,715	388	281	-
Arts and craft	6	375	281	84
Business services	185	304	144	304
Communication	-	559	559	-
Construction	6,345	2,870	8,437	1,073
Educational services	25	-	-	-
Entertainment and recreation	39	58	-	-
Finance and insurance	318	-	339	-
Fisheries and wildlife	22	30	86	-
Forestry and logging	89	-	172	-
Health care	82	-	-	-
Information and cultural industries	84	-	-	-
Management of companies	1,232	-	398	-
Manufacturing	1,113	8	1,092	9
Mining	127	-	127	-
Oil and gas	-	359	-	400
Other services	2,073	82	1,421	82
Professional, scientific and technical services	385	-	1	-
Real estate	6,752	155	5,340	161
Retail	6,058	1,243	6,129	731
Transportation and storage	2,961	897	2,723	901
Travel and tourism	565	2,041	1,131	1,268
Wholesale	727	-	727	-
	36,396	11,160	33,963	6,054

Northwest Territories Business Development and Investment Corporation
Notes to the Consolidated Financial Statements
March 31, 2021

6. Loans receivable (continued)
Geographic concentration

Regions	000's			
	2021		2020	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Beaufort-Delta	3,536	856	2,284	862
Dehcho	5,634	1,658	5,658	850
North Slave	6,920	4,185	5,301	1,652
Sahtu	2,176	133	2,234	204
South Slave	18,130	4,328	18,486	2,486
	36,396	11,160	33,963	6,054

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

Credit risk rating	000's	
	2021	2020
	\$	\$
Low	19,040	18,016
Medium	15,020	15,042
High	2,336	905
	36,396	33,963

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. There were no accounts in arrears during the year as a result of the loan deferment initiative mentioned in 2(e):

Loans past due but not impaired	000's	
	2021	2020
	\$	\$
31 – 60 days	-	21
61 – 90 days	-	7
Over 90 days	-	-
	-	28

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

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2021**

6. Loans receivable (continued)

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 2021 (2020: nil)

7. Allowance for credit losses

	000's	
	2021	2020
	\$	\$
Balance, beginning of year	3,490	3,527
Provision for credit losses	1,878	121
Loans written off	-	-
Recoveries from repayments of allowance	(169)	(158)
Balance, end of year	5,199	3,490
Comprised of:		
Specific allowance*	4,471	2,808
General allowance	728	682
Balance, end of year	5,199	3,490

* The specific allowance includes \$111,000 for the economic relief working capital loans that were distributed throughout the year (Note 5).

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, 2021, the Corporation does not have significant influence in the companies in which it has invested.

The total cumulative venture investments at March 31, 2021 were \$593,000 (2020: \$593,000) with accumulated write-downs of \$593,000 (2020: \$593,000). In 2021, no venture investments were approved for write-off (2020: nil) by the board or for forgiveness by the FMB (2020: 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 Corporation and earn dividends at variable rates. Investment yields vary from year to year due to the amount and timing of the dividends received.

9. Post-employment benefits**(a) Pension benefits**

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(j)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2021**

9. Post-employment benefits (continued)**(a) Pension benefits (continued)**

contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.01 times (2020: 1.07) 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 (2020: 1.0) the employee's contribution. Total contributions of \$126,000 (2020: \$148,000) 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	
	2021	2020
	\$	\$
Corporation's contributions	126	148
Employees' contributions	125	141

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

(b) Termination, removal benefits and leave

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

The most recent actuarial valuation was completed in March 2021 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.

Change in Obligation	000's	
	2021	2020
	\$	\$
Accrued benefit obligation, beginning of year	249	424
Current period benefit cost	11	11
Interest cost	5	11
Benefit payments	(58)	(8)
Actuarial (gain)	(65)	(189)
Accrued benefit obligation, end of year	142	249
Unamortized net actuarial gain	155	96
Accrued benefit liability*	297	345

*Total retirement, post-employment, and other leave benefits includes \$262,922 (2020 - \$317,180) related to severance and removal and \$34,376 (2020 - \$28,195) related to compensated absences.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2021**

9. Post-employment benefits (continued)**(b) Termination, removal benefits and leave (continued)**

Benefit Expense	000's	
	2021	2020
	\$	\$
Current period benefit cost	11	11
Interest cost	5	11
Amortization of actuarial (gain) loss	(6)	16
Post-employment benefits	10	38

The discount rate used in determining the accrued benefit obligation is an average of 3.30% (2020: 2.70%). The assumed rate of compensation increase is 2% (2020: 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8.3 years (2020: 8.3 years). No inflation was applied.

10. Advances from the Government

For the purpose of providing financial assistance to or making investments in business enterprises, the Act authorizes the Corporation to borrow up to \$150 million from the Government through advances. Increases to the outstanding balance of the advances must be approved by the FMB based on the needs of the Corporation. The balance was not to exceed \$45 million (2020: \$45 million) as at March 31, 2021.

Interest on the advances is based on the rate set during the last week of each month for the Government of Canada 3-year bonds, compounded annually. The rate varied from 0.19% to 0.49% (2020: 0.70% to 1.66%) during the year.

	000's	
	2021	2020
	\$	\$
Balance, beginning of year	21,228	20,934
Interest charged on Advances	70	294
Advances from the Government	5,500	-
Balance, end of year	26,798	21,228

During the year, the Government advanced \$5,500,000 to the Corporation to cover new loans and economic relief working capital loans (Notes 5 and 6).

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2021**

11. Government transfers

	000's					
	Lending/ Invest- ments	2021 Retail/ Manufac- turing	Total	Lending/ Invest- ments	2020 Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government:						
Operations and maintenance	1,410	602	2,012	1,339	620	1,959
Services received without charge (Note 16)	845	-	845	866	-	866
	2,255	602	2,857	2,205	620	2,825
Federal programs	97	-	97	97	-	97
	2,352	602	2,954	2,302	620	2,922

A stipulation included in the agreement is for any unspent funds to be repaid to the Government. There were no unspent amounts in 2021 (2020: nil).

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

12. Consolidated budgeted figures and expenses by object

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

	Consolidated (000's)							
	2021				2020			
	Total Budget	Lending / Investments	Retail / Manufacturing	Total	Total Budget	Lending / Investments	Retail / Manufacturing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Advertising and promotion	31	10	2	12	32	16	6	22
Amortization	77	52	22	74	40	53	26	79
Asset retirement	-	-	1	1	-	-	1	1
Bad debts	-	-	5	5	-	-	6	6
Bank charges and interest	26	18	21	39	26	2	27	29
Board members	52	37	2	39	37	31	1	32
Business Development Fund	200	199	-	199	200	153	-	153
Business Service Centre	240	223	-	223	248	247	-	247
Compensation and benefits	2,598	2,154	209	2,363	2,643	2,979	214	3,193
Computers and communications	133	102	21	123	129	96	21	117
Cost of goods sold	794	-	497	497	777	-	914	914
Insurance	27	-	23	23	27	-	22	22
Interest expense and cost of interest rate reduction*	425	373	-	373	450	293	-	293
Office and general	70	44	11	55	83	42	14	56
Provision for (recovery of) credit losses (net)	400	1,709	-	1,709	350	(37)	-	(37)
Professional services	350	68	39	107	156	38	60	98
Rent	216	169	15	184	192	154	15	169
Repairs and maintenance	10	-	29	29	12	-	29	29
Training and workshops	-	13	-	13	-	2	-	2
Travel	55	-	2	2	59	17	2	19
Utilities	59	-	61	61	52	-	68	68
	5,763	5,171	960	6,131	5,513	4,086	1,426	5,512

* Cost of interest rate reduction totalling \$303,000 is a result of concessionary terms (Note 5).

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

13. Commitments

As at March 31, 2021, loans to businesses approved but not yet disbursed, totalled \$3,592,000 at a weighted average interest rate of 5.0% (2020: \$4,503,000 at a weighted average interest rate of 5.7%). These loans do not form part of the loans receivable balance until disbursed. Also, as at March 31, 2021, there was one venture approved to one business in the amount of \$350,000 which was not disbursed (2020: nil) and all contributions to businesses approved have been disbursed (2020: nil).

14. Contingencies

Loans

The Corporation has one outstanding loan to a Northern Community Futures organization for their own lending purposes totalling \$318,000 (2020: one loan totalling \$339,000). 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 2021, no accounts were assigned to the Corporation (2020: one account in the amount of \$10,000).

Letters of credit

The Corporation has one outstanding irrevocable standby letter of credit in the amount of \$2,000,000 (2020: \$2,100,000) and expire in fiscal 2022. Payment by the Corporation is due from this letter in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2020: nil).

15. Related party transactions

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations, 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).

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2021

15. Related party transactions (continued)

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

	000's	
	2021	2020
	\$	\$
Revenues		
Sales	3	86
Government transfers (Note 11)	2,857	2,825
Expenses		
Purchases	225	189
Interest on advances from the Government	70	294
Balances at year end		
Accounts receivable	9	67
Accounts payable and accrued liabilities	129	264
Advances from the Government	26,798	21,228

16. Services received without charge

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

	000's	
	2021	2020
	\$	\$
Staff support	623	665
Accommodation	222	201
	845	866

17. Economic dependence

The Corporation received 49.5% (2020: 42.1%) of its revenues in the form of a contribution and services without charge from the Government. The Corporation's continued operations are dependent on these arrangements.

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.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

18. Risk management (continued)

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, 2021, \$3,378,000 (2020: \$2,344,000) 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 (Note 5).

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2021:

	000's	
	2021	2020
Cash	18,229	19,436
Accounts receivable	130	186
Loans receivable	43,511	36,723
Letters of credit	2,000	2,100

Interest rate risk

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

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2021

18. Risk management (continued)

Interest rate risk (continued)

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

The Corporation manages its interest rate risk by paying down the advances from the Government with cash available from the Loans and Bonds fund. During the year, no payments were made (2020: nil) to the Government.

Based on the Corporation's advances from the Government as at March 31, 2021 and the monthly cash balance on hand, a 100-basis point increase in interest rates would decrease annual surplus by \$85,000 (2020: \$22,000). A 100-basis point decrease in interest rates would decrease annual surplus by \$57,000 (2020: increase of \$51,000).

Liquidity risk

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

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

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

Northwest Territories Business Development and Investment Corporation

Consolidated Schedule of Tangible Capital Assets
March 31, 2021

Schedule A
000's

	Land	Buildings	Vehicle and Equipment	Leasehold Improvements	Computer Equipment	March 31, 2021	March 31, 2020
Cost of tangible capital assets, opening	\$ 78	\$ 1,789	\$ 684	\$ 540	\$ 9	\$ 3,100	\$ 3,217
Acquisitions	-	-	-	-	-	-	89
Disposals	-	-	(16)	-	-	(16)	(206)
Cost of tangible capital assets, closing	78	1,789	668	540	9	3,084	3,100
Accumulated amortization, opening	-	1,686	662	426	8	2,782	2,879
Amortization expense	-	12	8	53	1	74	79
Disposals	-	-	(16)	-	-	(16)	(176)
Accumulated amortization, closing	-	1,698	654	479	9	2,840	2,782
Net book value	78	91	14	61	-	244	318



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