

**Northwest Territories
Business Development and
Investment Corporation
2020-21 CORPORATE PLAN**

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OVERVIEW OF THE BDIC

On April 1, 2005, the Northwest Territories Business Development and Investment Corporation (BDIC) was established with the merger of the Northwest Territories Development Corporation and the Northwest Territories Business Credit Corporation. The *Northwest Territories Business Development and Investment Corporation Act* outlines the mandate of the BDIC, which is:

"...to support the economic objectives of the Government of the Northwest Territories (GNWT) in a manner that benefits the people and the economy of the Northwest Territories by

- (a) encouraging the creation and development of business enterprises;
- (b) providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;
- (c) directly investing in business enterprises;
- and

(d) providing information to business enterprises and members of the public respecting

- (i) the establishment and operation of businesses, and
- (ii) other business matters."

The BDIC fulfills its mandate by providing programs and services to businesses across the Northwest Territories.

Since 2005, the BDIC has approved approximately \$96 million in funding to more than 380 applications across the territory, and has delivered training to approximately 1,600 participants at learning sessions hosted at its business centre, Canada Business NWT.

The BDIC's subsidiaries, located in Fort Liard, Fort Providence, Ulukhaktok, Fort McPherson, and Yellowknife, support over 111 arts and craft producers in small NWT communities. Products from the BDIC's subsidiaries are sold at approximately 60 locations across Canada and the United States.

With the recent completion of the BDIC's mandatory program review and the issued Ministerial Directive, the BDIC's programs and services and their delivery is subject to change.

VISION

Our vision is to be an accountable crown corporation providing resources for the economic development of the Northwest Territories.

MISSION

Our mission is to support the NWT economy by encouraging the creation and development of businesses in communities.

MINISTERIAL DIRECTIVE

In August 2019, the Minister responsible for the BDIC issued a directive to the Chair of the BDIC's Board of Directors to work with the Chief Executive Officer to implement the recommendations of the program review completed in February 2019.

PROGRAMS AND SERVICES

CREDIT FACILITIES

Qualifying NWT businesses can access up to \$2 million in financing through the BDIC's Credit Facilities program. Interest rates for this financing are set at Prime +2%, 3% or 4%, depending on risk. The following financing options are available under the Credit Facilities program:

Term Loans

- Term Loans are available to NWT businesses that may not be able to secure bank financing. Clients can choose between loans with fixed or variable rates, and can request adjustments to loan payment amounts to account for seasonal variations in revenue. Term Loans can be repaid early without penalty.

Standby Letters of Credit

- A Standby Letter of Credit (SLC) enables clients to secure contract bids or provide security to suppliers through assurance of payments to third parties. SLCs can be issued to clients after they have been approved for an SLC Facility with the BDIC.

Working Capital Guarantees

- Working Capital Guarantees can be issued to NWT businesses as security to assist in obtaining working capital financing (such as an operating line of credit or overdraft) from a commercial bank.

BUSINESS DEVELOPMENT PROJECT FUND (BDPF)

The BDIC's contribution program provides non-repayable funding of up to \$25,000 to assist entrepreneurs in starting or expanding their business. The program has two funding categories, Core BDPF and BDPF Aftercare:

Core BDPF

- Core BDPF can be used to fund expenses related to the startup and expansion of NWT businesses (e.g. assets, new software, marketing/advertising, feasibility assessments, business plans, or short-term projects that create employment opportunities). It can also be used to purchase raw materials for the production of arts and crafts in level II communities only. Core BDPF available in any 5 year period is \$20,000 (\$10,000 for businesses in level I communities).

BDPF Aftercare

- BDPF Aftercare can be used to purchase accounting software or services, and provide access to succession planning and business training programs. The lifetime amount for BDPF Aftercare is \$5,000 (\$3,000 for businesses in level II communities).

Level I Communities: Communities with developed business infrastructure and air/road transportation links.

Yellowknife (incl. N'Dilo), Hay River, Fort Smith and Inuvik.

Level II Communities: Communities with less developed business infrastructure and air/road transportation links.

All other NWT communities not listed above.

PROGRAMS AND SERVICES

SUBSIDIARY PROGRAM

Through the Subsidiary Program, the BDIC invests in and provides operational support to companies that generate economic opportunities and employment in small NWT communities. The BDIC currently has five active subsidiaries:

Acho Dene Native Crafts, based in Fort Liard, procures and wholesales locally produced birch bark baskets, jewelry, moccasins, mittens, mukluks, and other souvenirs.

Dene Fur Clouds, based in Fort Providence, specializes in luxurious knit fur garments and accessories including headbands, hats, mitts, scarves and sweaters.

Fort McPherson Tent and Canvas designs and manufactures arctic tough tents and teepees, sled wrappers, hockey bags and other durable canvas products.

The **Ulukhaktok Arts Centre** produces prints, muskox carvings, qiviut products and other traditional items.

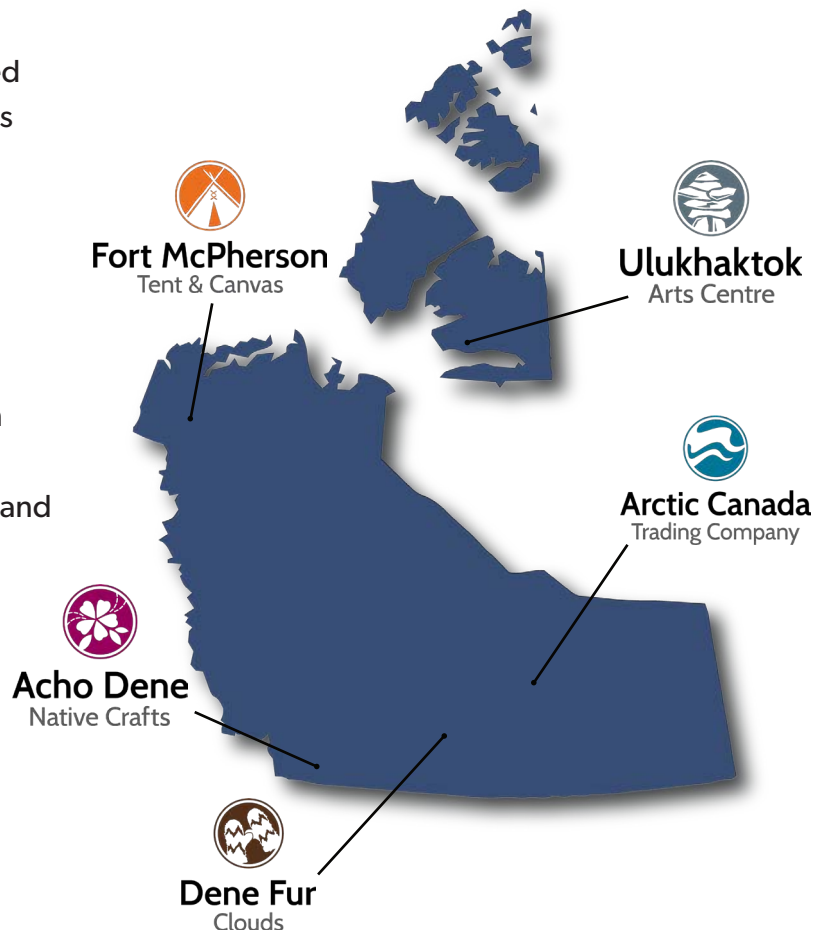
The **Arctic Canada Trading Company**, based in Yellowknife, markets the products of other BDIC subsidiaries through approximately 60 galleries and gift shops across Canada and the United States.

VENTURE INVESTMENT PROGRAM

Through the Venture Investment Program, the BDIC makes equity investments in NWT businesses. In exchange, the BDIC receives preferred shares in the business.

Investee businesses pay dividends to the BDIC, with dividend rates set based on risk. Investee businesses can redeem their shares at any time.

Invested funds can be used to support a wide range of job creation activities, including research and development. They can also be leveraged to obtain private sector financing.



PROGRAMS AND SERVICES

BUSINESS SERVICES

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

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

Business services available include:

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

The BDIC offers NWT clients business information through its comprehensive guide, *How to Start a Business in the NWT*. This guide provides entrepreneurs in all NWT communities with the information they need to start their business. The document contains information about licences and regulations in the NWT, support services available for entrepreneurs, information on writing a business plan, structuring a business and much more.

How to Start a Business in the NWT is available in print, on the BDIC's website and via a mobile web app. The guide is available in both English and French.



The BDIC's business centre in Yellowknife

A BDIC SUCCESS STORY

JALL ENTERPRISES LTD.

Since the early days of aviation, planes have been a lifeline in the Northwest Territories. From mining exploration to medical evacuations, most Northerners rely on planes to travel to and from their community or to receive essential goods and supplies. Despite the North's reliance on aviation, Brian and Liza Harrold noticed that there was no clear way to train pilots in the North.

The Terry Harrold School of Aviation was built on the back of generations of northern aviators. The school was created by Northwestern Air Lease to help the northern residents get their pilots licence. Already the school has trained people from across Canada how to fly.

Brian Harrold grew up around the aviation industry as the son of Terry Harrold, one of the North's famous aviation business pioneers. Terry started Northwestern Air Lease with a partner in the 1960s and Brian began with the organization in 1980 as a co-pilot and has worked his way to Sec-Treasurer of NWAL.

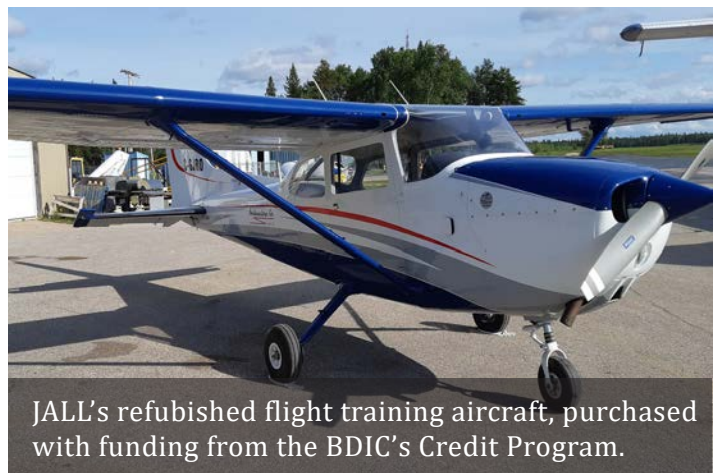
In 2018, Brian and his wife Liza founded JALL Enterprises Ltd. (named after Liza and their children Jessann, Alexander and Lee) to purchase aircraft and equipment to teach students to fly.

Made up of northerners, JALL saw an opportunity to support and train NWT residents

in their own backyards. Fort Smith is the ideal place to provide top class flight training to residents from smaller NWT communities and increase their chances of success. As Brian states it, "When kids come to Smith there is less of a culture shock and they can focus on their studies easier. Moving from a small community can sometimes bring such a culture shock. With community support it keeps them focused on flying. Odds of failure are decreased."

Not only are northern students interested in JALL's school, the aviation school has now trained students from all over Canada and soon will open to students from around the world. Students are attracted to the unique experiences in the north.

JALL also works with other organizations to introduce school aged children to the world of trades. We work with the Trades Awareness Program showing the students all different opportunities in aviation, pilots, engineers, ramp staff, cargo agents, etc. Brian has taken kids down to the Community Air Radio (CAR) station to let them know that pretty much every



JALL's refurbished flight training aircraft, purchased with funding from the BDIC's Credit Program.



community has an airport and every airport has a CAR station. Kids are told they could have a job there, an extremely important job because the airline industry needs eyes on the ground. Those kids could get a secure job in their hometown and be the lifeline to their community.

In the end JALL's work makes NWT residents aware of the industry, comfortable with air travel, and sometimes students grow up to work with NWAL. They are attracting customers from outside the North, and keeping money in the NWT.

PAST

The BDIC has worked with NWAL for a number of years. The years following the 9/11 attacks were quite rough for the aviation industry. The nervousness following the events lead to a global decrease in air traffic. These were dark times for aviation companies.

At the time the BDIC came to NWAL to see how they could help.

That support was pivotal, as Brian recalls "It was huge, they kept us and a lot of other aviation companies in the North alive, providing proactive interest only payments on the loans until NWAL gets back on their feet. Having some banking institutions that will support local companies, like that, is just so awesome. The BDIC went over and above, and kept probably 3 or 4 major aviation companies in the Northwest Territories alive by doing that."

PRESENT

Thanks to a loan from the BDIC, JALL was able to purchase an aircraft and lease it to NWAL for an extended period of time to operate the flying school. Originally Brian tried to get financing from a traditional bank. When things did not move as quickly as expected, he turned to the BDIC. "For us, the BDIC has been godsend. It allowed us to get this up and get going" Brian said.

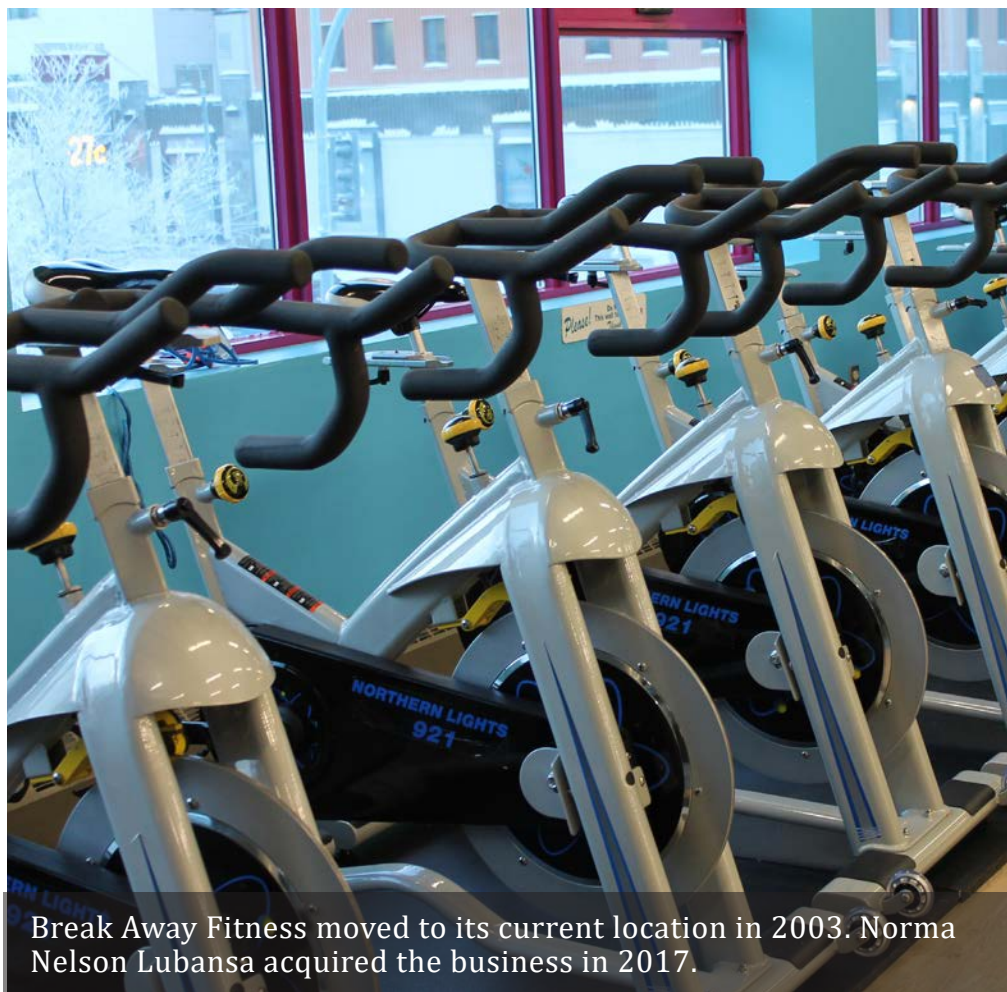
JALL used the money to refurbish the airplane, and put in new equipment such as radios to be able to teach instrument training as well as initial training (how to fly an airplane). The flexibility offered by the BDIC's financing basically allowed them to build the aircraft for the flight school.

FUTURE

Eventually JALL will look to grow and purchase some Flight Simulators, different airplanes and equipment to best serve their customers. They will be looking at the BDIC to assist their growth!

A BDIC SUCCESS STORY

BREAK AWAY FITNESS



Break Away Fitness moved to its current location in 2003. Norma Nelson Lubansa acquired the business in 2017.



Norma Nelson Lubansa knows a thing or two about living a healthy lifestyle. She worked for over 8 years as a nurse in Inuvik before moving to Yellowknife. After spending a year at the Stanton Territorial Hospital, she decided to be her own boss and purchased Break Away Fitness Gym in May 2017. “I always had a passion for fitness. That acquisition was an opportunity to work in an industry that supports my passion,” stated Norma.

Break Away Fitness has been in Yellowknife for over 30 years. The business started in 1987 and has been at its current location, on 48th Street, since 2003. In addition to fitness classes and equipment, it offers personal training services, nutrition counselling and massage therapy.

After taking over Break Away Fitness, Mrs. Lubansa wanted to improve the business. That’s when the BDIC was able to assist. Her business received financial support from the BDIC’s Business Development Project Fund. The money was used to buy new equipment and software that allowed her to update the business. “The BDIC’s aid was instrumental in the addition of quality programming for members,” said Norma Nelson Lubansa.

Break Away Fitness is also proud to give back to the community where it can. Every Saturday, for a 10-week period during spring and fall, the aerobic floor is reserved for Special Olympics NWT, where Break Away instructors volunteer to give fitness classes.

2020/2021 OBJECTIVES

The BDIC completed a review of its programs in 2019 and will be implementing the following recommendations in the 2020-2021 fiscal year.

■ **Align the vision of the BDIC with the economic goals of the Government of the Northwest Territories**

The mandate of the BDIC 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 Northwest Territories. To accomplish this, the BDIC will:

- Assess the economic goals of the Government of the Northwest Territories
- Evaluate the goals and policies the BDIC programs
- Refocus and revise the goals and policies of the BDIC programs

Target end date: March 31, 2021

■ **Develop performance measures to improve the BDIC's programs**

In order to prepare for changes in its programs, the BDIC will develop a strategic plan to coincide with the economic vision of the Government of the Northwest Territories. To accomplish this, a strategic plan will be developed identifying specific direction of the BDIC and the benchmarks to be achieved over the next several years.

Target completion date: March 31, 2021



2020/2021 OBJECTIVES

■ **Enhance the performance of the subsidiaries**

One of the goals is to improve the effectiveness and efficiency of the operating subsidiaries. To accomplish this, the BDIC will:

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

Target end date: March 31, 2021

■ **Relaunch the Venture Investment Program**

The current model of the Venture Investment Program requires a new focus and flexibility in order to attract more interest from the business community. To accomplish this, the BDIC will:

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

Target end date: March 31, 2021

■ **Improve the Business Service Program by continuing to develop partnerships, products and services to the business community**

The goal is to expand the services and products offered by the Business Service Program in a manner that will benefit the business community. To accomplish this, the BDIC will:

- Continue to partner with business and government organizations to deliver business services and information in the north
- Develop and provide business information to the business community on the BDIC's website
- Assess new opportunities and methods in delivering information to businesses in the north

Target end date: Ongoing

BUDGET SUMMARY

The BDIC's budget is comprised of two separate funds, the Contribution Fund and the Loans and Investments Fund.

Contribution Fund

The Contribution Fund is funded through a contribution agreement with the GNWT, and through investment income. It is administered through four separate funds:

- Subsidy Fund - provides subsidies to BDIC subsidiaries and BDPF contribution funds to northern businesses
- Capital Fund - provides start-up costs for new subsidiaries
- Capital Reserve Fund - provides capital funds for repairs to existing subsidiaries
- General Operating Fund - provides operating costs for the BDIC's delivery of programs and services including the CBNWT Centre (which also receives partial funding from CanNor).

For 2020/2021, the BDIC forecasts revenues of \$2,229,000 to the Contribution Fund. Of this amount, \$2,012,000 would be funded from the GNWT, \$97,000 from CanNor to co-fund the CBNWT Centre, and \$120,000 from investment income.

Loans and Investments Fund

The Loans and Investments Fund is funded through client loan repayments, client venture payments and/or GNWT loans. This fund is administered through two funds:

- Loans Fund - provides loan capital to northern businesses
- Venture Investment Fund - provides equity investment to northern businesses

For 2020/2021, the BDIC forecasts loan disbursements of \$5,500,000 and repayments of \$6,300,000.

The BDIC will also transfer \$1,000,000 from the Loans Fund to the General Operating Fund for operations.



2020/2021 BUDGET

Exhibit 1 - Contribution Fund Budget Summary (\$000)

Fiscal Year ending March 31, 2021

	Subsidy Fund	Capital Fund	General Operating Fund	Total
Opening Balance	382	1,020	4,317	5,719
Sources of Cash	802	-	2,427	3,229
Use of Cash	802	-	2,490	3,292
Closing Balance	382	1,020	4,254	5,656



2020/2021 BUDGET

Exhibit 2 - Subsidy Fund (Unconsolidated) (\$000)

Fiscal Year ending March 31, 2021

	Budget 2021	Budget 2020	Actual 2019
Opening Balance	382	432	485
Sources of Cash:			
GNWT Contribution	802	775	785
Sub-Total	802	775	785
Uses of Cash:			
Business Development Projects	200	200	213
5983 NWT Ltd. (Ulukhaktok Arts Centre)	100	90	90
913044 NWT Ltd. (Fort McPherson Tent & Canvas)	220	250	275
Acho Dene Native Crafts Ltd.	150	150	150
Arctic Canada Trading Co. Ltd.	2	5	10
Dene Fur Clouds Ltd.	130	130	100
Sub-Total	802	825	838
Closing Balance	382	382	432



2020/2021 BUDGET

Exhibit 3 - Capital and Capital Reserve Funds (\$000)

Fiscal Year ending March 31, 2021

	Budget 2021	Budget 2020	Actual 2019
Opening Balance	1,020	1,020	1,020
Sources of Cash:			
GNWT Contribution	0	0	0
Sub-Total	0	0	0
Uses of Cash:			
New Subsidiary	0	0	0
Sub-Total	0	0	0
Closing Balance	1,020	1,020	1,020



2020/2021 BUDGET

Exhibit 4 - General Operating Fund Budget (Unconsolidated) (\$000)

Fiscal Year ending March 31, 2021

	Budget 2021	Revised Budget 2020	Actual 2019
Opening Balance	4,317	5,352	6,178
Sources of Cash:			
GNWT Contribution	1,210	1,184	1,127
Loan Fund	1,000	0	0
Interest	120	125	290
Business Service Centre Contribution	97	97	97
Sub-Total	2,427	1,406	1,514
Uses of Cash:			
Advertising	20	20	17
Board expenses (note)	50	35	20
Business Service Centre	190	200	236
Computers	100	95	92
Office	41	40	45
Purchased services (note)	279	100	218
Telephone & communications	10	15	7
Travel	30	30	28
Salaries & benefits	1,770	1,906	1,677
Sub-Total	2,490	2,441	2,340
Closing Balance	4,254	4,317	5,352

Note: the BDIC anticipates restructuring costs to incur as it adopts the recommendations of the recent program review.

2020/2021 BUDGET

Exhibit 5 - Loan and Investment Fund Budget Summary (\$000)

Fiscal Year ending March 31, 2021

	Venture Investment Fund	Loans Fund
Opening Balance	4,476	3,528
Sources of Cash	0	6,315
Use of Cash	200	6,950
Closing Balance	4,276	2,893



2020/2021 BUDGET

Exhibit 6 - Venture Investment Fund Budget (\$000)

Fiscal Year ending March 31, 2021

	Budget 2021	Budget 2020	Actual 2019
Opening Balance	4,476	4,676	4,676
Sources of Cash:			
Dividends	0	0	0
Redemptions	0	0	0
Sub-Total	0	0	0
Uses of Cash:			
Venture Investments	200	200	0
Sub-Total	200	200	0
Closing Balance	4,276	4,476	4,676



2020/2021 BUDGET

Exhibit 7 - Loan Fund Budget (\$000)

Fiscal Year ending March 31, 2021

	Budget 2021	Budget 2020	Actual 2019
Opening Balance	3,528	2,818	655
Sources of Cash:			
Repayments received	6,300	6,500	6,538
Interest Income	15	10	27
Borrowed from the GNWT (net)	0	1,000	0
Sub-Total	6,315	7,510	6,565
Uses of Cash:			
Loans disbursed	5,500	6,800	3,985
Repayment to the GNWT	450	0	417
General Operating Fund	1,000	0	0
Sub-Total	6,950	6,800	4,402
Closing Balance	2,893	3,528	2,818



2020/2021 BUDGET

Exhibit 8 - Consolidated Budget and Actual (\$000)

Fiscal Year ending March 31, 2021

	Consolidated Budget 2021	Revised Budget 2020	Consolidated Actual 2019
Revenues			
Interest on loans receivable	2,300	2,200	2,124
Sales and other income	766	753	916
Interest	132	135	312
Federal Government	97	97	97
Government of the Northwest Territories	2,812	2,749	2,684
	6,107	5,934	6,133
Expenditures			
Advertising and promotion	31	32	25
Amortization	77	40	86
Bank charges and interest	26	26	30
Board of Directors	52	37	21
Business Development Project Fund	200	200	212
Business Service Centre	240	248	236
Computers and telecommunications	133	129	120
Cost of goods sold	794	777	915
Credit loss (net)	400	350	175
Insurance	27	27	27
Interest expense on advance from the GNWT	425	450	416
Office and general	70	67	66
Professional services	350	156	96
Rent	216	208	195
Repairs and maintenance	10	12	9
Salaries and benefits	2,598	2,719	2,463
Travel	55	59	56
Utilities	59	52	59
	5,763	5,589	5,207
Annual Surplus	344	345	926

Exhibit 8 presents the consolidated budgets of the BDIC's programs and services. This includes the budgets of its subsidiaries, accommodation services provided by the GNWT and regional staff support without cost to the BDIC.

Please contact us for business information and assistance.
Contactez-nous pour obtenir de l'aide et des renseignements d'affaires.
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