



NORTHWEST TERRITORIES COMMUNITY FUTURES PROGRAM

2011/12 ANNUAL REPORT

Minister's Message
2011/12 Community Futures Annual Report



Growing and diversifying the economy in every community and region in the Northwest Territories is a major priority of this government. Stimulating entrepreneurship at the community level is a key element of this – and all seven of our Community Futures Development Corporations provide leadership at the community level to help residents adapt to an ever-changing business environment.

Community Futures Development Corporations are on the front lines of local economic development and continue to be successful in helping our entrepreneurs expand their businesses and succeed in what can often be a challenging business climate.

By providing a diverse range of services to territorial entrepreneurs, including small business financing, business training and spearheading local partnerships, Community Futures Development Corporations are helping business owners develop a vision for the future.

On behalf of the Government of Northwest Territories, I want to congratulate the many Community Futures Development Corporation board and staff members who volunteer their time, energy and creativity to help build a sustainable economic future for their communities and for our territory.

The Honourable David Ramsay

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INTRODUCTION

This 2011/12 Annual Report provides performance data regarding the seven Community Futures Development Corporations (CFDCs) in the Northwest Territories (NWT). The Government of the Northwest Territories (GNWT), through the Department of Industry, Tourism and Investment (ITI) Community Futures Program, currently funds six of the seven CFDCs.

ITI views this program as important to its economic development efforts and supports CFDCs through:

- Year-to-year contribution funding for operations;
- Non-repayable investment fund capital;
- Access to low cost capital via the NWT Business Development and Investment Corporation (BDIC).

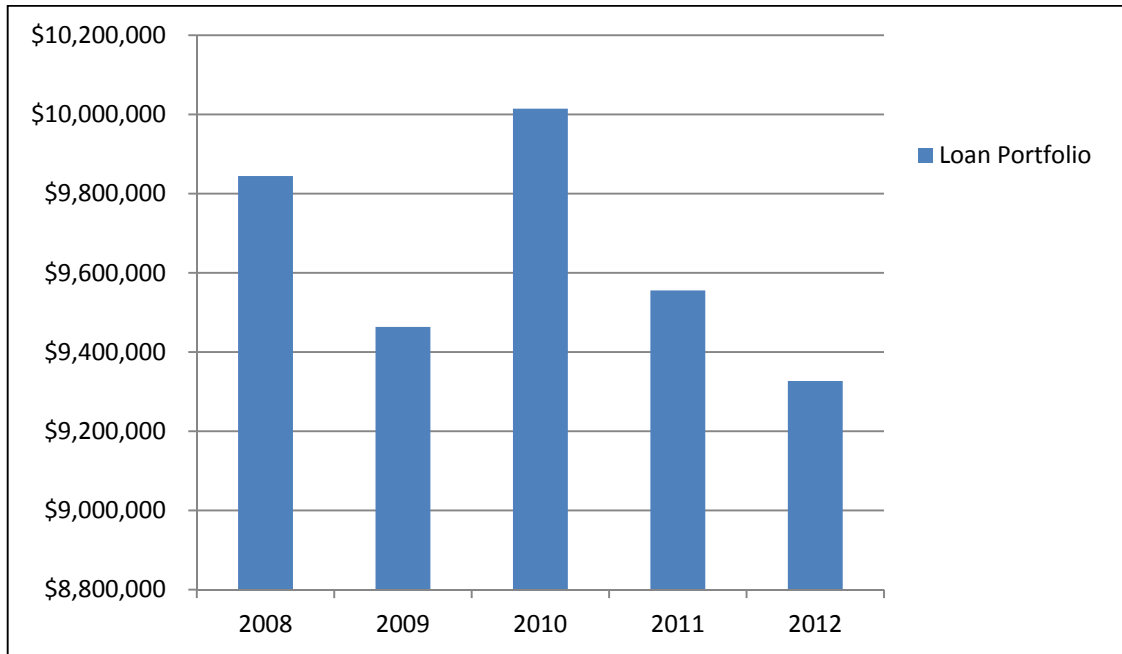
The corporations operate independently of government as community-based, non-profit organizations overseen by a volunteer Board of Directors drawn from the communities served by their respective organizations.

Program Highlights – 2011/12

- CFDCs operate in all 33 communities in the NWT and directly employ 11 people. CFDCs rely on the skills and judgment of their employees and 35 community based volunteer board members.
- The activity of the CFDCs created and/or maintained 226 full-time and 121 part-time jobs in the NWT in the 2011/12 fiscal year.
- CFDCs granted 122 loans totalling \$3.86 million during the 2011/12 fiscal year. In 2010/2011 they granted 128 loans totalling \$4.59 million. The average size of each loan in 2011/12 was \$31,603 compared to \$35,893 in 2010/2011.
- Of the total loan disbursements, just over \$1.50 million was made in Level 2 communities (see page eight) in fiscal 2010/11; in 2010/2011 that total was \$1.23 million.
- Overall, CFDCs held a total loan portfolio balance of \$9.33 million, a decrease of some \$229,000 from the 2010/2011 balance of \$9.56 million.
- Total program funding provided by ITI to CFDCs was \$1.36 million in 2011/12.
- The total low cost loan capital provided by BDIC to CFDCs was \$1.22 million compared to \$1.29 million in 2010/11.
- Since their inception, CFDCs have been provided \$6.23 million in non-repayable capital funding and the GNWT has contributed \$3.73 million of that total.

Total Value of Loans Portfolio by Year

As noted in the highlights, the CFDC loan portfolio balance totals \$9.33 million. This represents a significant amount in terms of small business borrowings in the NWT and is testament to the enthusiasm and hard work of the board members and staff of these organizations as well as the dynamic efforts of NWT entrepreneurs.



PROGRAM DESCRIPTION

The mandate of each CFDC is to support community and business development through the creation and expansion of small and medium sized enterprises and the creation and maintenance of employment opportunities in NWT communities. CFDCs provide some or all of the following services:

- Term loans and loan guarantees;
- Lines of credit,
- Letters of credit;
- Business planning and assistance;
- Information and training for entrepreneurs via regional workshops;
- Management training, monitoring and after-care;
- Access to business information and the Canada Business-NWT Service Centres;
- Access to state-of-the-art video conferencing technology; and
- Delivery of the Self-Employment Option Program.* This is a Human Resources Development Canada program delivered by the GNWT Department of Education, Culture and Employment (ECE).

CFDCs also have the flexibility to set their own priorities for economic development in their respective regions. This may include programs specific to the businesses in their regions, as well as special interest group initiatives such as targeted support for Aboriginal entrepreneurs, youth entrepreneurs and women in business.

A CFDC loan can be as large as \$200,000. Investment and loan funds administered by these corporations are designed to complement conventional funding provided by other financial institutions, the Business Development Bank of Canada or other territorial and federal funding programs.

Finally, and perhaps most importantly, CFDCs are staffed by employees trained in the field of community economic development. They are a valuable resource to prospective entrepreneurs, seasoned managers looking for that extra edge and local leaders seeking help in determining the future direction their community will take. CFDC employees make varied and invaluable contributions to the NWT economy.

* The Self-Employment Options Program allows eligible individuals to continue receiving Employment Insurance while starting and establishing a small business.

PROGRAM BACKGROUND

The Community Futures Program was established in 1985 by Employment and Immigration Canada, now Human Resources Skills Development (HRSD), which was responsible for the establishment of CFDCs throughout rural Canada. The program was part of a major effort by the Government of Canada to provide financial assistance in areas experiencing significant hardship due to loss of industry.

In the NWT, the program started in 1987 in response to the closure of the Pine Point mine with the formation of the Hay River and Area Community Futures Society. This is now known as the Southwest Territorial Business Development Corporation. A second program was formed in Inuvik in 1988 following the closure of the military base there and a downturn in oil and gas activity.

In 1994, HRSD entered into negotiations to transfer the program to regional economic development agencies across Canada. In the NWT, where no federal economic development agency existed, the program was transferred to the GNWT. It is now administered by ITI.

At the time of the transfer, four CFDCs operated in the NWT. The transfer agreement provided annual funding of approximately \$900,000, of which \$819,000 was operational funding for the four CFDCs, with the remainder of the funding used for a community futures consultant.

On April 1, 1999, the Territory of Nunavut was formed. Two of the four CFDCs were located in Nunavut and this resulted in an annual funding decrease for the NWT Community Futures Program budget of approximately \$400,000.

Since 2000, the GNWT has funded the addition of five new community futures organizations. There are now seven CFDCs operating in the NWT and all 33 NWT communities now have access to the program. The seven organizations are:

Akaitcho Business Development Corporation	ABDC	Yellowknife
Dogrib Area Community Futures	DACF	Whati
Deh Cho Business Development Centre	DBDC	Fort Simpson
Sahtu Business Development Centre	SBDC	Norman Wells
Southwest Territorial Business Development Corporation	SWTBDC	Hay River
Thebacha Business Development Centre	TBDC	Fort Smith
Western Arctic Business Development Corporation	WABDC	Inuvik

Despite major challenges – high operating costs, limited operational and capital resources, the isolation of NWT communities and a shortage of qualified workers – CFDCs in the NWT have been remarkably successful in meeting the needs of small business. The GNWT considers them as a vital component in the economic development of the territory.

LOCAL INVOLVEMENT – Serving the Community

CFDCs are overseen by a volunteer Board of Directors. The members are drawn from the communities served by the respective corporation. CFDCs expend considerable resources in the training, guidance and assistance of local entrepreneurs and community leaders.

Board Member and Staffing Contingents

REGION	CFDC	BOARD MEMBERS	STAFF	# COMMUNITIES SERVED	POPULATION SERVED ¹
DEHCHO	DEHCHO	8	2	6	2,270
INUVIK	WESTERN ARCTIC	4 ²	2	8	6,974
NORTH SLAVE	AKAITCHO	7	2	2 ³	20,149
	DOGRIB	4	0 ⁴	4	3,029
SAHTU	SAHTU	5 ⁵	2	5	2,693
SOUTH SLAVE	SOUTHWEST TERRITORIAL	2 ⁶	1	3	4,117
	THEBACHA	5 ⁷	2	5	4,081
TOTAL		35	11	33	43,313

Thirty-five (35), of a possible forty-two (42) Board members were actively involved with CFDCs in 2011/12.

Notes from table:

- 1 Population statistics are drawn from the Annual Population Estimates, NWT Bureau of Statistics. Numbers listed do not include communities with a population of 50 or less or unorganized areas.
- 2 Western Arctic: Three board positions were vacant as of March 31, 2012.
- 3 Akaitcho: This Community Futures Development Corporation actually serves three communities. However, N'dilo is not listed separately from Yellowknife by the NWT Bureau of Statistics for the purposes of the population estimates (see also Page 11).
- 4 Dogrib: Staff positions were vacant as of March 31, 2012.
- 5 Sahtu: Two board positions were vacant as of March 31, 2012.
- 6 Southwest Territorial: One board position was vacant as of March 31, 2012.
- 7 Thebacha: One board position was vacant as of March 31, 2012.

LOAN ACTIVITY – Number and Value of Loans Approved

Economic development is a dynamic and evolving field of work. Demand for loan financing varies and not all loan applications are approved. All lenders, including those at CFDCs, must exercise prudent decision-making and good judgment.

Number of Loans Approved

REGION	CFDC	2011/12	2010/11
DEHCHO	DEHCHO	24	18
INUVIK	WESTERN ARCTIC	59	76
NORTH SLAVE	AKAITCHO	5	10
	DOGRIB	0	0
SAHTU	SAHTU	13	8
SOUTH SLAVE	SOUTHWEST TERRITORIAL	7	9
	THEBACHA	14	7
TOTAL		122	128

Value of Loans Approved

REGION	CFDC	2011/12	2010/11
DEHCHO	DEHCHO	\$ 614,187	\$ 332,314
INUVIK	WESTERN ARCTIC	1,586,158	2,067,847
NORTH SLAVE	AKAITCHO	225,000	972,500
	DOGRIB	0	0
SAHTU	SAHTU	663,185	519,616
SOUTH SLAVE	SOUTHWEST TERRITORIAL	292,000	465,000
	THEBACHA	475,000	237,000
TOTAL		\$ 3,855,530	\$ 4,594,277

LOAN ACTIVITY – Some Comparatives

In 2011/12, the seven NWT CFDCs made 122 loans with a disbursement value of \$3.86 million. The table below shows how these numbers compare to the rest of Canada (excluding Quebec and the Yukon).

2011/12	Average # of loans per operating CFDC	Average value of loans per operating CFDC
NWT	17.43	\$ 550,790
Canada	20.01	\$ 890,384

2011/12	Average # of loans per capita (by '000 people)	Average value of loans per capita (by '000 people)
NWT	3.05	\$ 96,285
Canada	0.39	\$ 17,389

IMPACT ON COMMUNITIES – Loan Activity by Community Level

One objective of the Community Futures Program is to encourage increased business development in rural and remote communities. It does this by providing small business loans to small and medium sized enterprises. These funds may also be used to leverage other financing. The current and cumulative impacts of the CFDCs in the NWT are as substantial as they are positive.

ITI policy classifies the economic activity and potential of NWT communities into two levels:

Level 1 Communities

- These are the most developed communities in the NWT and are characterized by well-developed community business infrastructure and air/road transportation links.
- Includes the communities of Fort Smith, Hay River, Inuvik and Yellowknife.

Level 2 Communities

- These are communities with less-developed business infrastructure and air/road transportation links.
- Includes all NWT communities not listed as Level 1.

Loan Activity by Community Level (by fiscal year)

	CFDC	2011/12		2010/11	
		Total Value	#	Total Value	#
LEVEL 1	AKAITCHO	\$ 225,000	5	\$ 972,500	10
	SOUTHWEST TERRITORIAL	292,000	7	465,000	9
	THEBACHA	462,000	12	212,000	6
	WESTERN ARCTIC	1,372,158	55	1,716,809	72
TOTAL		\$ 2,351,158	79	\$ 3,366,309	97
LEVEL 2	AKAITCHO	\$ 0	0	\$ 0	0
	DEHCHO	614,187	24	332,314	18
	DOGRIB	0	0	0	0
	SAHTU	663,185	13	519,616	8
	THEBACHA	13,000	2	25,000	1
	WESTERN ARCTIC	214,000	4	351,038	4
TOTAL		\$ 1,504,372	43	\$ 1,227,968	31

IMPACT ON COMMUNITIES – Jobs Created by Region

CFDCs in the NWT assist with the creation and maintenance of many jobs every year. CFDCs created and/or maintained some 226 full-time and 121 part-time jobs in the NWT during 2011/12.

Number of Full-time Jobs Created and Maintained (2011/12)

REGION	CFDC	FULL-TIME JOBS CREATED	FULL-TIME JOBS MAINTAINED
DEHCHO	DEHCHO	3	9
INUVIK	WESTERN ARCTIC	11	76
NORTH SLAVE	AKAITCHO	22	7
	DOGRIB	0	0
SAHTU	SAHTU	32	30
SOUTH SLAVE	SOUTHWEST TERRITORIAL	4	12
	THEBACHA	3	17
TOTAL		75	151

Number of Part-time Jobs Created and Maintained (2011/12)

REGION	CFDC	PART-TIME JOBS CREATED	PART-TIME JOBS MAINTAINED
DEHCHO	DEHCHO	10	23
INUVIK	WESTERN ARCTIC	21	23
NORTH SLAVE	AKAITCHO	7	0
	DOGRIB	0	0
SAHTU	SAHTU	4	3
SOUTH SLAVE	SOUTHWEST TERRITORIAL	3	17
	THEBACHA	5	5
TOTAL		50	71

ITI FUNDING

The following figures refer to ITI funding provided to CFDCs for fiscal years 2010/2011 and 2011/12.

Total Funding Provided to CFDC by ITI

REGION	CFDC	2010/11	2010/11
DEHCHO	DEHCHO	\$ 311,630	\$ 331,630
INUVIK	WESTERN ARCTIC	239,270	239,270
NORTH SLAVE	AKAITCHO	263,920	263,920
	DOGRIB	37,843	151,370
SAHTU	SAHTU	333,000	332,700
SOUTH SLAVE	SOUTHWEST TERRITORIAL	0	0
	THEBACHA	174,660	154,660
TOTAL		\$ 1,360,323	\$ 1,473,550

Funding Provided to CFDC – Operational

(Contribution agreement and other contract based funding)

REGION	CFDC	2011/12	2010/11
DEHCHO	DEHCHO	\$ 203,630	\$ 223,630
INUVIK	WESTERN ARCTIC	239,270	239,270
NORTH SLAVE	AKAITCHO	155,420	155,420
	DOGRIB	37,843	151,370
SAHTU	SAHTU	213,000	212,700
SOUTH SLAVE	SOUTHWEST TERRITORIAL	0	0
	THEBACHA	174,660	154,660
TOTAL		\$ 1,023,823	\$ 1,137,050

Funding Provided to CFDC – Economic Development Officer

(Community Transfer Initiatives)

REGION	CFDC	2011/12	2010/11
DEHCHO	DEHCHO	\$ 108,000	\$ 108,000
NORTH SLAVE	AKAITCHO	108,500	108,500
SAHTU	SAHTU	120,000	120,000
TOTAL		\$ 336,500	\$ 336,500

NWT COMMUNITY FUTURES DEVELOPMENT CORPORATIONS

AKAITCHO BUSINESS DEVELOPMENT CORPORATION

PO Box 427, Yellowknife, NT X1A 2N3

Tel: (867) 920-2502 Fax: (867) 920-0363

E-mail: akaitcho@akaitchobdc.com, rstarnau@akaitchobdc.com

Communities Served	Yellowknife, N'dilo and Dettah
Population of Service Area	20,149 (2011 Annual Population Estimates, NWT Bureau of Statistics)
Services Provided	Commercial lending Canada business-NWT access site Business information and skills development Small business counselling Monitoring and aftercare services Assistance with writing business plans Assistance with applications to funding agencies Self-employment options program
Staff	Raymond St. Arnaud General Manager Vacant Senior Business Analyst Corinne Kraft-Bailey Business Analyst
Incorporated	Not-for-profit corporation, <i>Canada Business Corporations Act</i> Designated as an Aboriginal financial institution by the Government of Canada
Board	Seven member volunteer board Chair: Darrell Beaulieu Secretary-Treasurer: Shirley Tsetta Directors: Jonas Sangris Roy Erasmus Jr. Tim Doyle Steve Meister Patrick Doyle

NWT COMMUNITY FUTURES DEVELOPMENT CORPORATIONS

DEHCHO BUSINESS DEVELOPMENT CENTRE

PO Box 240, Fort Simpson, NT X0E 0N0
Tel: (867) 695-2441 Fax: (867) 695-2052
E-mail: toddn@northwestel.net

Communities Served	Fort Simpson, Fort Liard, Jean Marie River, Nahanni Butte, Wrigley and Trout Lake
Population of Service Area	2,270 (2011 Annual Population Estimates, NWT Bureau of Statistics)
Services Provided	Commercial lending General business assistance Small business resource centre Video conferencing
Staff	Todd Noseworthy General Manager Sean Whelly Business Development Officer
Incorporated	Not-for-profit corporation, <i>Canada Business Corporations Act</i> Designated as an Aboriginal financial institution by the Government of Canada
Board	Eight member volunteer board Chair: Ron McCagg Vice-Chair: Larry Campbell Secretary-Treasurer: Shadab Khan Directors: Dennis Deneron Pauline Simba Jarvis Tsetso Yvonne Norwegian Albert Moses

NWT COMMUNITY FUTURES DEVELOPMENT CORPORATIONS

DOGRIB AREA COMMUNITY FUTURES

PO Box 92, Whatì, NT X0E 1P0
Tel: (867) 573-3140, Fax: (867) 573-3142
E-mail: donnamoore@tlicho.com

Communities Served	Behchokò, Whatì, Gamèti and Wekweèti
Population of Service Area	3,029 (2011 Annual Population Estimates, NWT Bureau of Statistics)
Services Provided	Commercial lending Canada business-NWT access site
Staff	Vacant General Manager
Incorporated	Society, <i>Societies Act</i> of the Northwest Territories Designated as an Aboriginal financial institution by the Government of Canada
Board	Four member volunteer board Chair: Luke Grosco Directors: David Wedawin Nora Simpson George Nitsiza

* Notice: In fiscal 2010/11 and continuing through 2011/12, the Dogrib Area Community Futures (DACF) began a reorganization process. The DACF can be contacted via the Industry, Tourism and Investment office in Behchokò. Please address correspondence to:

Mr. Luke Grosco
Dogrib Area Community Futures
PO Box 70
Behchokò, NT X0E 0Y0

NWT COMMUNITY FUTURES DEVELOPMENT CORPORATIONS

SAHTU BUSINESS DEVELOPMENT CENTRE

PO Box 307, Norman Wells, NT X0E 0V0
Tel: (867) 587-2016 Fax: (867) 587-2407
E-mail: exec.dir.sbdc@theedge.ca

Communities Served	Norman Wells, Tulit'a, Délı̄ne, Colville Lake and Fort Good Hope	
Population of Service Area	2,693 (2011 Annual Population Estimates, NWT Bureau of Statistics)	
Services Provided	Commercial lending General business assistance Small business resource centre Video conferencing	
Staff	Gregor Harold McGregor Nicky Richards	Executive Director Economic Development Officer
Incorporated	Not-for-profit corporation, <i>Canada Business Corporations Act</i> Designated as an Aboriginal financial institution by the Government of Canada	
Board	Seven member volunteer board	
	Chair/Secretary –Treasurer: Directors:	Tanya McCauley Trudy Kochon Sally-Ann Horassi Dianne Bailes David Codzi Vacant Vacant

NWT COMMUNITY FUTURES DEVELOPMENT CORPORATIONS

SOUTHWEST TERRITORIAL BUSINESS DEVELOPMENT CORPORATION

Suite #7, 6 Courtoreille St., Hay River, NT X0E 1G2

Tel: (867) 874-2510 Fax: (867) 874-3255

E-mail: swtbdc@northwestel.net

Communities Served	Hay River, Enterprise and Kátlodééche First Nation (Hay River Reserve)
Population of Service Area	4,117 (2011 Annual Population Estimates, NWT Bureau of Statistics)
Services Provided	Commercial lending Canada business-NWT access site
Staff	Jeff Griffiths General Manager
Incorporated	Not-for-profit corporation, <i>Canada Business Corporations Act</i>
Board	Three member volunteer board Chair: Vacant Directors: Sharon Dragon Bonnie Webb

NWT COMMUNITY FUTURES DEVELOPMENT CORPORATIONS

THEBACHA BUSINESS DEVELOPMENT CENTRE

PO Box 25, Fort Smith, NT X0E 0P0
Tel: (867) 872-2795 Fax: (867) 872-2824
E-mail: tbds@gardtal.com

Communities Served	Fort Smith, Łutsek'e, Fort Resolution, Fort Providence and Kakisa
Population of Service Area	4,081 (2011 Annual Population Estimates, NWT Bureau of Statistics)
Services Provided	Commercial lending Small business resource centre Video conferencing Self-employment options program
Staff	Linda Martin General Manager Terri-Lynn Cardinal Administrative Assistant
Incorporated	Not-for-profit corporation, <i>Canada Business Corporations Act</i>
Board	Six member volunteer board Chair: Tom Lockhart Directors: Jeannie-Marie Jewell Earl Jacobson Arthur Beck George Kurszewski Vacant

NWT COMMUNITY FUTURES DEVELOPMENT CORPORATIONS

WESTERN ARCTIC BUSINESS DEVELOPMENT CORPORATION

Suite 204, 125 Mackenzie Road, PO Box 2360 Inuvik, NT X0E 0T0

Tel: (867) 777-2836 Fax: (867) 777-3470, 1-800-244-1203

E-mail: generalmanager@northwestel.net

Communities Served	Inuvik, Tuktoyaktuk, Aklavik, Fort McPherson, Paulatuk, Ulukhaktok, Sachs Harbour and Tsiigehtchic
Population of Service Area	6,974 (2011 Annual Population Estimates, NWT Bureau of Statistics)
Services Provided	Commercial Lending Lines of Credit Letters of Credit Small Business Counselling and Advisory Services Entrepreneurial Training Canada Business–NWT Access Site Video Conferencing Self-Employment Options Program
Staff	Brent Kay General Manager Robert Ferland Loans Officer
Incorporated	Not-for-profit corporation, <i>Canada Business Corporations Act</i>
Board	Seven member volunteer board Chair: Clarence Wood Vice-Chair: Vacant Treasurer: Vacant Secretary: Grant Sullivan Directors: Joe Perry Doug Robertson Vacant

