



Annual Report
2009/2010

**NWT Business Development
and Investment Corporation**

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A Message from the Chairperson



On behalf of the Board of Directors, I am pleased to present the 2009/2010 annual report of the Northwest Territories Business Development and Investment Corporation (BDIC).

The Board met five times during the 2009/2010 fiscal year, either in person or by teleconference. During the year, the BDIC bid farewell to three Board members: Marven Gruben from Tuktoyaktuk, Albert Lafferty from Fort Providence and Curtis Shaw from Yellowknife. On behalf of the Board, I would like to wish them well in their future endeavours. The Board also welcomed three new members: Gwen Robak from Hay River, Denny Rodgers from Inuvik and Andy Wong from Yellowknife.

I am proud to announce that this year the BDIC met one of its long-term objectives with the divestment of the Rae Lakes General Store subsidiary to the Tlicho Investment Corporation. The BDIC continues to provide assistance to its remaining seven subsidiary companies in order to build a solid foundation for continued success.

The challenges facing the Northwest Territories economy over the next few years are formidable. We are indeed fortunate to have a mission-driven and focused economic development organization that continues to aggressively pursue job creation and economic expansion for our region.

In 2010/2011, the Board looks forward to moving ahead with promoting the BDIC's programs and services, which help stimulate the sustainable economic growth that our communities want to achieve.

I, along with the Board, wish to thank the Minister responsible for the BDIC, the Honourable Bob McLeod, the BDIC's Chief Executive Officer Pawan Chugh, all our staff and the business and the professional organizations that support our economic development programs. Together, we will ensure that the economy of the Northwest Territories remains strong.

Mahsi,



Darrell Beaulieu



A Message from the Chief Executive Officer

In the 2009/2010 Corporate Plan, the BDIC Board provided the following strategic directions: focus on providing centralized business financial services by controlling, monitoring, evaluating and reporting on loans, ventures and subsidiaries; actively promote and support economic development in every community in the Northwest Territories; use flexible lending practices and file management approaches in response to the current economic situation; continue to support developmental lending where appropriate; and, to encourage the use of other BDIC financial and non-financial programs where circumstances warrant.



On June 19, 2009, the Minister of Industry, Tourism and Investment (ITI), and Responsible for the Northwest Territories Business Development and Investment Corporation, the Honourable Bob McLeod, announced the BDIC's new programs and changes to existing programs.

The BDIC's key achievements in 2009/2010 included:

- Divestment of the Rae Lakes General Store, which marked the first time a BDIC subsidiary had obtained self-sustainability status.
- New clients in Aklavik, Colville Lake, Trout Lake and Tsiigehtchic.
- Successful deployment and operation of The Exceptional Assistant, a loan management system, to provide timely and efficient loan information to users.
- Held a joint conference with ITI, which delivered presentations to Economic Development Officers, Business Development Officers, Managers and Superintendents.
- Hosted a Subsidiary Managers' Conference, which included presentations on bookkeeping, employment standards, workplace safety, and supervisory and management strategies.
- Built business and entrepreneurial capacity in communities through partnerships with the NWT Chamber of Commerce, Aurora College, and the Sahtu Business Development Centre.

The BDIC will continue to focus on the growth of its loan portfolio for small to medium-sized businesses, investment in subsidiaries, and researching for development methods to build the capacity of small and medium-sized businesses in the territory.

Thank you,



Pawan K. Chugh

Corporate Governance & Management

The BDIC's Mandate, Vision, and Mission

The Mandate

The Northwest Territories (NWT) Business Development and Investment Corporation is mandated 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 by

- *encouraging the creation and development of business enterprises;*
- *providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;*
- *directly investing in business enterprises; and*
- *providing information to business enterprises and members of the public respecting*
 - *the establishment and operation of businesses, and*
 - *other business matters.*

(BDIC Act)

The Vision

The BDIC is a recognized leader in the NWT's regional economic development, promoting the growth of a dynamic small and mid-sized business sector.

The Mission

We are business people working for other business people - providing across all NWT communities access to business financing, business support services and business development assistance.

We proactively bring stakeholders together to enhance business capacity, sustain self-sufficiency and increase community prosperity.

The BDIC's vision and mission emphasize the importance of business development in the creation of long-term prosperity for the NWT. The vision and mission also recognize that a sustainable economy is based on Northerners' capacity to establish and maintain successful businesses, allowing them to be self-reliant and to participate fully in the economic and social life of the NWT.

The BDIC’s Board

The BDIC’s Board of Directors are appointed by the Minister responsible for the BDIC. The Board directs and manages the BDIC’s affairs, takes into account sustainable development and capacity building when making decisions, acts in accordance with Ministerial directives, and establishes operational policies for its programs.

The Board has two committees:

- **Audit Committee**, which assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the performance process and the BDIC’s process of monitoring compliance with laws, governing acts, regulations and directives and the code of conduct.
- **Appeals Committee**, which reviews appeals on financial program applications rejected by the Application Review Committee or the Chief Executive Officer.

DIRECTOR	MEETINGS ATTENDED
Darrell Beaulieu	4 out of 5
Joanne Deneron	4 out of 5
Marven Gruben ⁺	0 out of 4
Albert Lafferty ⁺	2 out of 4
Gwen Robak ⁺	3 out of 3
Denny Rodgers ⁺	1 out of 2
Andy Wong ⁺	4 out of 4
Warren Wright	5 out of 5
Denise Yuhas	5 out of 5

⁺ WAS A DIRECTOR FOR ONLY PART OF THE 2009/2010 FISCAL YEAR.

TABLE 1 - BDIC BOARD ATTENDANCE IN 2009/2010

BDIC BOARD OF DIRECTORS	
Darrell Beaulieu, Chairperson	N`dilo
Denise Yuhas, Vice Chairperson	Fort Smith
Joanne Deneron, Director	Fort Liard
Albert Lafferty ⁺ , Director	Fort Providence
Marven Gruben ⁺ , Director	Tuktoyaktuk
Gwen Robak ⁺ , Director	Hay River
Denny Rodgers ⁺ , Director	Inuvik
Andy Wong ⁺ , Director	Yellowknife
Warren Wright, Director	Norman Wells

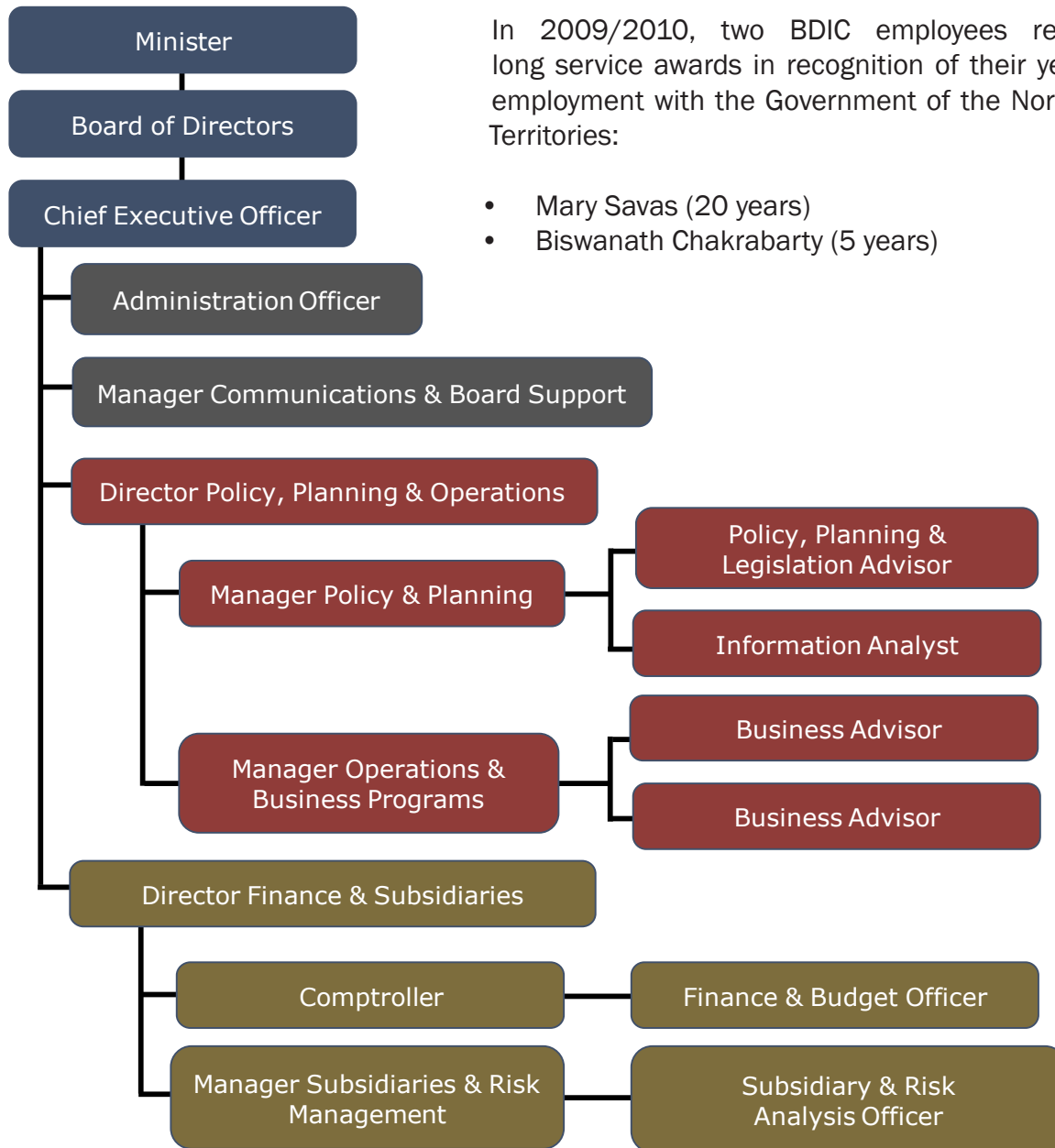
⁺ WAS A DIRECTOR FOR ONLY PART OF THE 2009/2010 FISCAL YEAR

AUDIT COMMITTEE
Denise Yuhas, Chair
Joanne Deneron, Vice-Chair
Rhona Stanislaus (CGA), Member at Large
Louise Lavoie (CGA), Member representing GNWT Dept. of Finance

APPEALS COMMITTEE
BDIC Board Chairperson or Vice Chairperson
Any other two Board members

FIGURE 1 - BDIC BOARD AND COMMITTEE MEMBERSHIP AS OF MARCH 31, 2010

The Organization as of March 31, 2010



In 2009/2010, two BDIC employees received long service awards in recognition of their years of employment with the Government of the Northwest Territories:

- Mary Savas (20 years)
- Biswanath Chakrabarty (5 years)



Partnerships

The BDIC works with regional business corporations and other partners to identify, improve, and expand economic development in the NWT.

BDIC and NWT Chamber of Commerce MOU

The general intent of the parties is to cooperate and share costs in carrying out mutually agreed activities to promote business attraction, development and retention for creating, maintaining and fostering employment and economic activities in the NWT.

BDIC and Aurora College MOU

The general intent of the parties is to cooperate in the delivery of mutually agreed courses in different programs at Aurora College, with a focus to improve knowledge and skills of business, and economic development program students and professional development of the BDIC staff.

BDIC and The Sahtu Business Development Centre MOA

The purpose of this Agreement is to provide for joint client transactions in order to enhance the financing options offered to clients.



Programs & Activities

The BDIC offers financial programs and business services to all NWT businesses. They are delivered at BDIC Headquarters in Yellowknife and through regional delivery agents across the NWT.

The BDIC also provides support to Community Futures Development Corporations (CFDCs) in the NWT and, along with federal and territorial partner organizations, organizes multi-stakeholder events supporting economic development.

Financial Programs

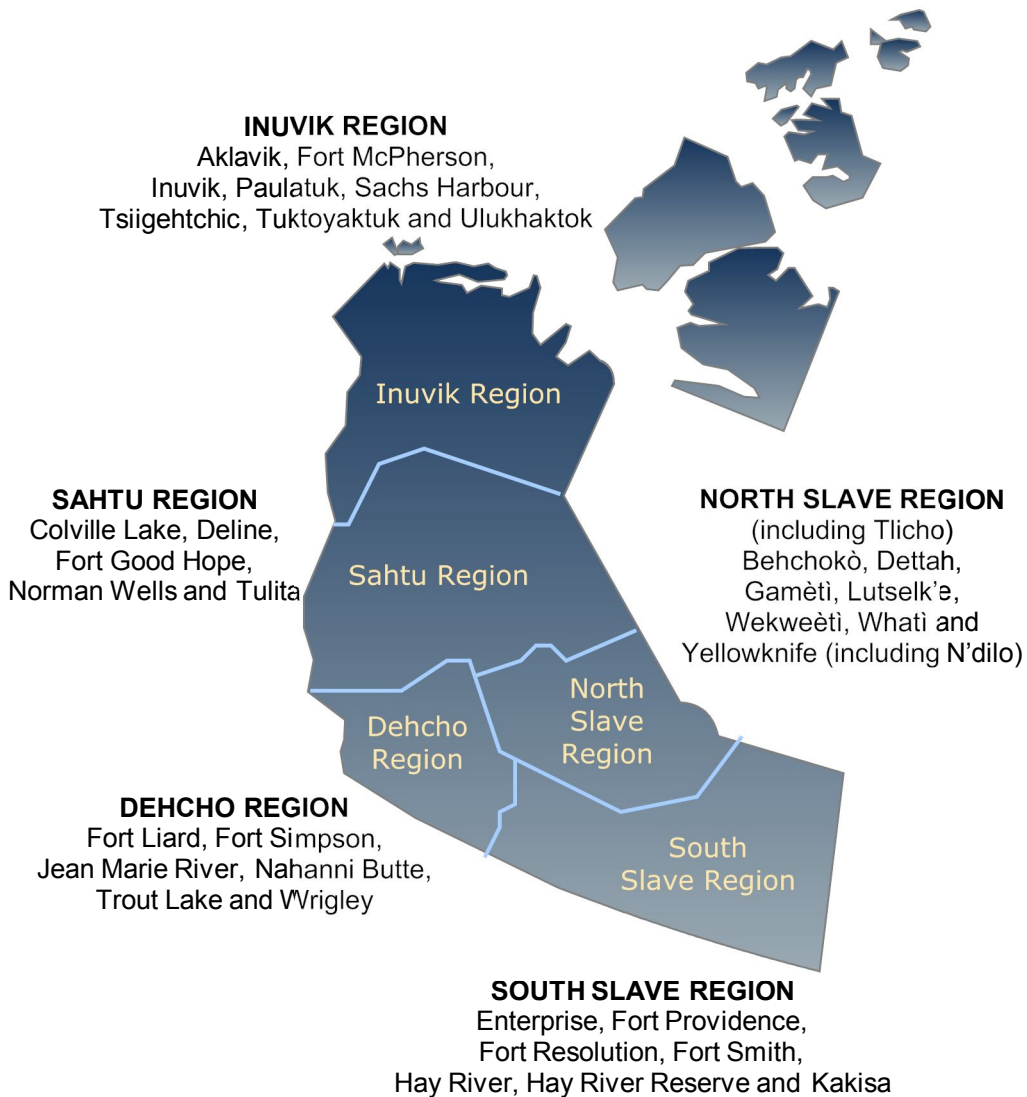
Credit Facilities Program

The BDIC lends to northern businesses when conventional lending institutions are not prepared to participate and to businesses in communities where a commercial bank is not operating. The terms can be flexible to meet the needs of individual clients. The BDIC also provides Standby Letters of Credit for contract bids and performance security or to guarantee payment for goods and services from a supplier.

ECONOMIC DEVELOPMENT

On June 19, 2009, the Minister of Industry, Tourism and Investment (ITI), and Responsible for the Northwest Territories Business Development and Investment Corporation (BDIC), the Honourable Bob McLeod, announced the BDIC's new programs and initiatives.

- Variable Interest Rate Financing offers a flexible loan that allows clients to take advantage of a lower borrowing rate during times of falling interest rates. Clients have the option of locking in the lower rate at their convenience. A variable interest rate fluctuates with the BDIC Prime Rate for the term of the loan.
- Winter/Summer Re-Supply Financing offers a short-term loan for clients to take advantage of the most cost-effective way to re-supply their inventory (by winter road or summer barge). Businesses have one year to re-pay the loan.
- Seasonal Production Financing offers a short-term loan of up to \$25,000 for artists, craft-makers and harvesters who need to buy supplies so they can make or harvest products to sell.
- Working Capital Guarantee Program includes an Irrevocable Standby Letter of Credit that provides guarantees to working capital providers on behalf of a specific business (working capital includes lines of credit and overdraft arrangements).
- Interest Rate Reduction Initiative allows clients, not in arrears, to apply to have their current rate of interest reduced to the BDIC's lowest rate for a term ending on May 31, 2011. The deadline to apply for this initiative was March 31, 2010.



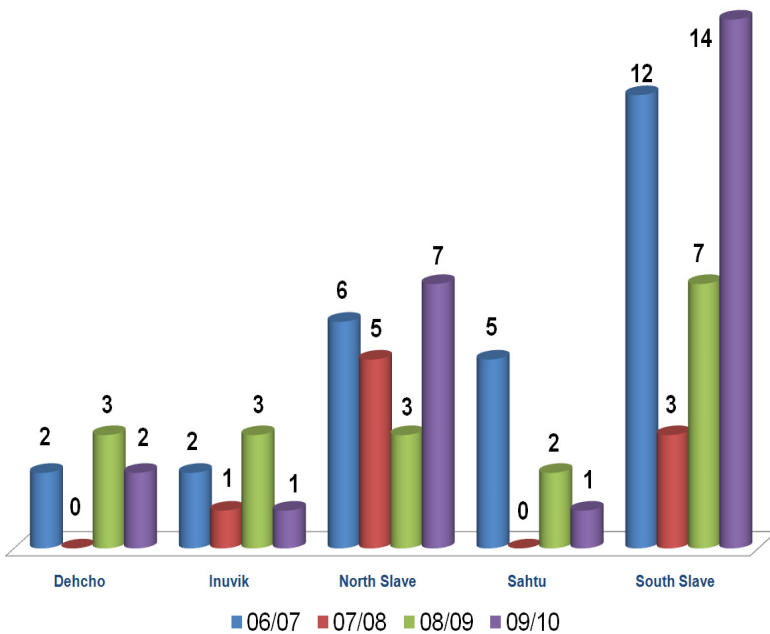


FIGURE 2 - NUMBER OF APPROVED CREDIT FACILITIES BY REGION (2006/2007 - 2009/2010)

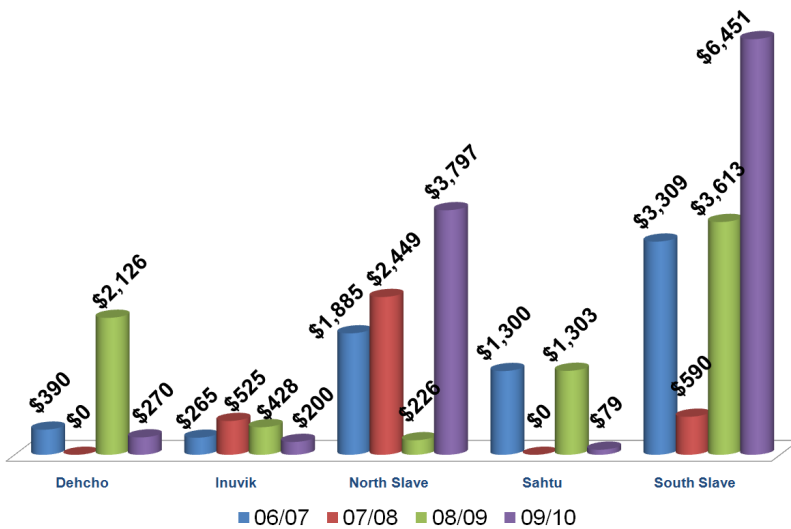


FIGURE 3 - VALUE OF APPROVED CREDIT FACILITIES BY REGION (2006/2007 - 2009/2010) (\$000)

2009/2010 HIGHLIGHTS

- The BDIC processed 34 new credit facility applications in 2009/2010 with a total value of \$17,434,519, including 7 which were received in 2008/2009.
- 25 new credit facility applications, with a total value of \$10,796,819, were approved.
- 104 credit facilities were renewed in 2009/2010. With a total value of \$26,029,203, the renewals comprised of 86 revocable renewals (Interest Rate Reduction initiative) and 18 standard renewals. In addition, 2 Standby Letters of Credit valued at \$230,000 were renewed.
- 6 credit facilities were restructured at a value of \$687,413.
- 18 credit facilities were paid in full during the year, representing a total repayment of \$1,798,144.

2009/2010 HIGHLIGHTS

- 32 percent of approved credit facility applications in 2009/2010 went to businesses in Level II communities.

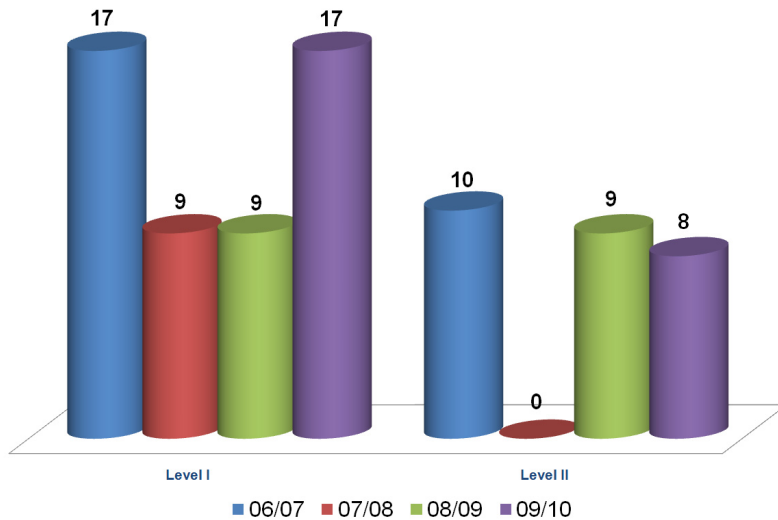


FIGURE 4 - NUMBER OF APPROVED CREDIT FACILITIES
BY COMMUNITY LEVEL
(2006/2007 - 2009/2010)

COMMUNITY LEVELS

LEVEL I COMMUNITIES

Communities with well developed business infrastructure and air/road transportation links – Fort Smith, Hay River, Inuvik and Yellowknife.

LEVEL II COMMUNITIES

Communities with less developed business infrastructure and air/road transportation links – all the communities not listed above.

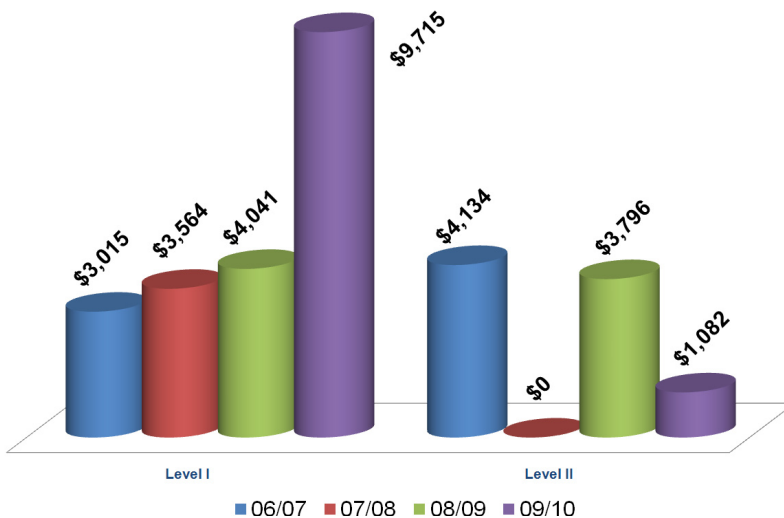


FIGURE 5 - VALUE OF APPROVED CREDIT FACILITIES
BY COMMUNITY LEVEL
(2006/2007 - 2009/2010) (\$000)

Subsidiary Program

The BDIC owns seven subsidiary companies. All but one of its subsidiaries are located in Level II communities. There are BDIC subsidiaries in the Dehcho, Inuvik, North Slave and South Slave regions of the NWT.

The BDIC provides its subsidiaries with funds for operating, new facilities or equipment, so that they can create and/or maintain employment in their community. Where necessary, the BDIC also provides a range of support services to its subsidiaries, including accounting, marketing, and general operational support. Several BDIC subsidiaries promote traditional fine arts and crafts activities and the use of traditional materials, which further supports the local economy.



The BDIC's subsidiaries are governed by Boards of Directors, which are chosen from the community, along with the BDIC Board and staff.

In 2009/2010, the BDIC divested the Rae Lakes General Store, which marked the first time a BDIC subsidiary had obtained self-sustainability status.



SUBSIDIARY HIGHLIGHT

Minister McLeod's Statement to the Legislative Assembly on the Sale of the Rae Lakes General Store Ltd. (March 2, 2010)

Mr. Speaker, today I am pleased to announce the sale of the Rae Lakes General Store Ltd., a wholly owned subsidiary of the Northwest Territories Business Development and Investment Corporation (BDIC) to the Tlicho Investment Corporation.

Mr. Speaker, this sale is a win-win situation for all.

It is a win for the residents of Gamètì, as the sale represents significant progress in the evolution of the store by providing employment, economic opportunity, and self-sufficiency to the community and its residents. Like other remote communities facing challenges induced by geography, infrastructure and local capacity, the store provides essential products year round.

The sale is a win for the Tlicho Investment Corporation as it signifies a strong commitment by the Tlicho Government in investing in its people and communities.

Mr. Speaker, the Tlicho Investment Corporation, an investment arm of the Tlicho Government, has the financial resources, expertise and experience needed in operating businesses.

With the ownership of similar stores, the addition of the Rae Lakes General Store Ltd. creates an economy of scale in purchasing and thus allows the products to be affordable for Gamètì residents.

Finally, the sale is a milestone for the BDIC in meeting its objective of encouraging economic development and employment opportunities in local communities. The event marks the first time a BDIC subsidiary has obtained self-sustainability. In addition to its business expertise and financial resources, the Tlicho Investment Corporation is committed to developing the human resource needs of the store and supporting the local economic base.

Mr. Speaker, over the years the BDIC and its predecessor, the Northwest Territories Development Corporation, have provided financial assistance and guidance to the Rae Lakes General Store, allowing it to grow and succeed. The Tlicho Investment Corporation, store management and the BDIC saw an opportunity for the community to become self-reliant and they made it happen.

At this time, I ask that my colleagues join me in congratulating the Rae Lakes General Store's Board of Directors and staff, the Tlicho Investment Corporation, and the BDIC on their achievement.

Thank you, Mr. Speaker.

SUBSIDIARY	YEAR OF INCORPORATION	2009/2010 BOARD OF DIRECTORS
5983 NWT LTD. (o/a Ulukhaktok Arts Centre)	2008	Louie Nigiyok Warren Wright Pawan Chugh Marven Gruben ⁺ Joseph Perry ⁺
913044 NWT Ltd. (o/a Fort McPherson Tent & Canvas Shop)	1991	Shane Sterrett Bill Prodromidis Warren Wright Pawan Chugh Leonard Kwong
Acho Dene Native Crafts Ltd.	1992	Denise Yuhas Joanne Deneron Pawan Chugh Irene McLeod ⁺ Curtis Shaw ⁺ Alma Jumbo ⁺
Aklavik and Tuktoyaktuk Furs Ltd.	1997	Pawan Chugh
Arctic Canada Trading Co. Ltd.	1992	Denise Yuhas Pawan Chugh
Dene Fur Clouds Ltd.	1997	Denise Yuhas Pawan Chugh Leonard Kwong
Nahanni Butte General Store Ltd.	1992	Denise Yuhas Joanne Deneron Pawan Chugh Curtis Shaw ⁺
Rae Lakes General Store Ltd.	1992	Frank Arrowmaker Darrell Beaulieu Germaine Eyakfwo Pawan Chugh Leonard Kwong

TABLE 2 - BDIC SUBSIDIARIES AND THEIR BOARDS

⁺ RESIGNED DURING THE 2009/2010 FISCAL YEAR

Venture Investment Program

The BDIC invests in northern businesses in return for preferred shares. These long-term investments are a form of patient capital to enhance clients' ongoing stake in a business or project.

The following venture investments existed as of March 31, 2010.

VENTURE INVESTMENT	COMMUNITY
Rat River Development Corporation	Fort McPherson Corporation
Enodah Wilderness Travel Ltd.	Yellowknife
Holman Eskimo Co-operative Ltd.	Ulukhaktok
Kunnek Resource Development Corporation	Inuvik
175119 Canada Inc. (o/a NWT Marine)	Yellowknife
North Nahanni Naturalist Lodge Ltd.	Fort Simpson
Paulette & Clarke Renovations Ltd.	Fort Smith
Tri-Vanguard Ka'nages Pictures Ltd.	Yellowknife
Two Rivers Development Corporation	Tulita
5352 NWT Ltd. (o/a Snare Lake Lodge)	Wekweètì

TABLE 3 - BDIC VENTURE INVESTMENTS

Contribution Programs

The BDIC provides financial assistance to northern businesses for feasibility assessments, development of new products, preparation of marketing and/or business plans and pilot projects.

In 2009/2010, the BDIC received 49 applications for contributions with a total value of \$415,250, which is an exceptional increase from the 17 applications received in 2008/2009 with a total value of \$151,000. A total of 30 applications were approved with a total value of \$245,590, up from 11 approvals in 2008/2009 with a total value of \$99,000.

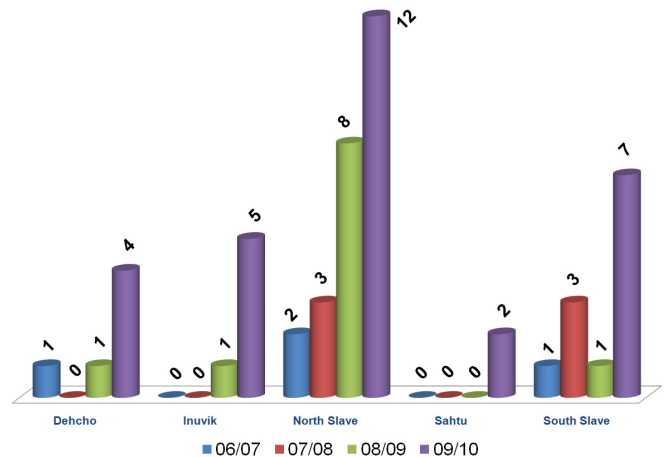


FIGURE 6 - NUMBER OF APPROVED CONTRIBUTION APPLICATIONS BY REGION (2006/2007 - 2009/2010)

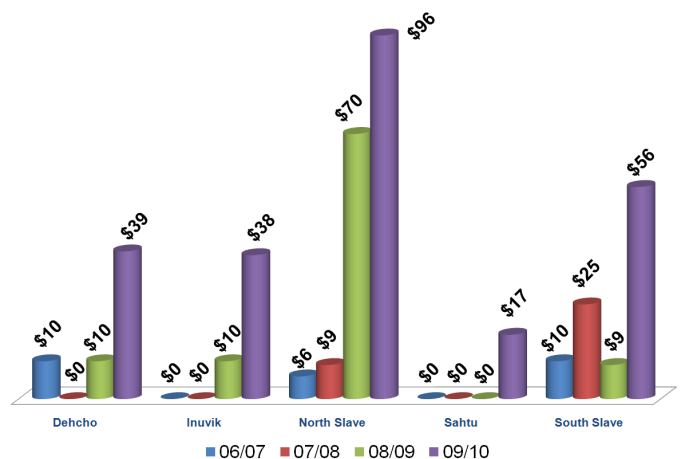


FIGURE 7 - VALUE OF APPROVED CONTRIBUTION APPLICATIONS BY REGION (2006/2007 - 2008/2009) (\$000)

Written-Off and Forgiven Accounts

Accounts that are written-off can still be collected but are assigned zero value in the BDIC’s financial statements. The BDIC Board may approve the write-off of an account under \$20,000. Write-offs over \$20,000 can only be approved by the Legislative Assembly of the NWT.

In 2009/2010, the BDIC Board wrote-off two accounts totalling \$15,559.65.



NAME OF BUSINESS	AMOUNT
Charles Gauthier	\$11,585.19
Louis McKay	\$3,974.46

TABLE 4 - BDIC ACCOUNTS WRITTEN OFF (2009/2010)

In 2009/2010, the BDIC recovered \$2,000 on accounts previously written-off.

When an account is forgiven, it has zero value in the BDIC’s financial statements and the BDIC can no longer collect the amount owing. Accounts under \$1,000 may be approved for forgiveness by the Financial Management Board (FMB). Accounts over \$1,000 can only be approved for forgiveness by the Legislative Assembly of the NWT.

In 2009/2010, the Legislative Assembly forgave three BDIC accounts totalling \$50,696.10.

NAME OF BUSINESS	AMOUNT
5214 NWT Ltd.	\$26,304.13
Mendo, James	\$12,527.61
To-Go’s Restaurant Ltd.	\$11,864.36

TABLE 5 - BDIC ACCOUNTS FORGIVEN (2009/2010)



Business Services

The BDIC offers information to support potential clients and provides aftercare to existing clients. These services are available through Canada Business NWT (CBNWT), which is operated in partnership with Industry Canada.

CBNWT provides a wide range of information on small business programs, services and regulations to the public. Its mission is to contribute to economic growth by ensuring that business people in every part of the NWT have access to accurate, timely and relevant business information through a convenient single window.

CBNWT publications and other information sources are available to all northern communities through its website (<http://www.canadabusiness.ca>). CBNWT access points have also been established in the following NWT communities through local Community Futures Development Corporations (CFDCs):

- The Dehcho Business Development Centre in Fort Simpson
- Thebacha Business Development Services Inc. in Fort Smith
- The Southwest Territorial Business Development Corporation in Hay River
- Western Arctic Business Development Services in Inuvik
- The Sahtu Business Development Centre in Norman Wells
- The Dogrib Area Community Futures in Whatì

In 2009/2010, CBNWT provided new computers and software to CFDCs in the NWT. The partnership between the BDIC and Industry Canada also allowed CBNWT to provide notebooks, e-readers, and other business tools to its small business clients and non-profit organizations.

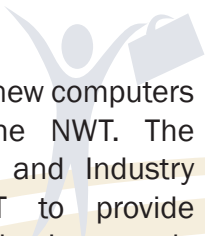
During the year, CBNWT responded to a total of 276 inquiries received by telephone, email, and in-person visits. CBNWT also offered 79 videoconference events on topics such as Web 2.0 Marketing Answers, Understanding Your Business Financial Statements, and Business Planning and Financing for Aboriginal Entrepreneurs to 109 participants in Yellowknife.

Community Futures Development Corporations

CFDCs support community economic development and diversification and the creation and maintenance of small and medium-sized businesses. The BDIC provides support to CFDCs in the NWT by coordinating partnerships and capacity-building events and by lending them loan capital to supplement their capital reserves.

As part of the loan capital arrangement, CFDCs which borrow money from the BDIC may ask the BDIC to take over uncollectible loans made from those funds.

In 2009/2010, the Akaitcho Business Development Corporation (N'dilo) and Thebacha Business Development Services Inc. (Fort Smith) had loan capital arrangements with the BDIC.



Job Creation or Maintenance

In 2009/2010, the BDIC’s venture investments and subsidiaries created or maintained 46.33 direct jobs and 10 indirect jobs, for a total of 56.33 full-time equivalent jobs.

Indirect jobs are calculated using the NWT Bureau of Statistics Input Output Model, which measures employment contribution. Direct and indirect jobs for venture investments are aggregated so as not to compromise their operations.

2009/2010		
INVESTMENT	DIRECT JOBS	INDIRECT JOBS
913044 NWT Ltd (o/a Fort McPherson Tent & Canvas Shop)	4.34	
5983 NWT Ltd.	.21	
Acho Dene Native Crafts Ltd.	2.16	
Arctic Canada Trading Co. Ltd.	0	
Dene Fur Clouds Ltd.	4.65	
Nahanni Butte General Store Ltd.	3.72	4
Venture Investments	31.25	6
Total jobs created or maintained	46.33	10

¹ THE BDIC CONSIDERS 1,725 HOURS OF WORK IN A YEAR TO BE EQUIVALENT TO 1 FULL-TIME JOB.

DIRECT JOB FIGURES FOR VENTURE INVESTMENTS ARE AS PROVIDED BY THE CLIENT.

TABLE 6 – DIRECT AND INDIRECT JOBS CREATED OR MAINTAINED

Disbursements

The BDIC disbursed funds to the following NWT businesses during the 2009/2010 fiscal year.

NAME OF BUSINESS	OWNER(S)	COMMUNITY	FINANCIAL PROGRAM	TOTAL AMOUNT DISBURSED
3119378 Canada Inc. (o/a South Nahanni Airways)	Harvey, Jacques Martel, Laverna	Fort Simpson	Credit	\$195,000
4720 Northwest Territories Ltd. (o/a Aurora Village)	Morin, Don Morin, Gladys	Yellowknife	Credit	\$684,000
4842 NT Ltd. (o/a AJ's Electrical)	Schaefer, Bev Schaefer, Allen	Fort Smith	Contribution	\$10,000
5142 NWT Ltd. (o/a Taylor & Company)	Taylor, Andrew J. Taylor, Marilyn	Hay River	Credit	\$755,000
5616 NWT Ltd.	Minute, Bernie	Fort Smith	Contribution	\$10,000
5730 NWT Ltd. (o/a Super A Foods Hay River)	Anderson, Steve Hill, John Hill, Tracy	Hay River	Credit	\$1,813,730
5988 NWT Ltd.	Groat, Kirby Groat, Wendy Jaffray, Brian Jaffray, Teresa	Fort Simpson	Credit	\$465,000
5983 NWT Ltd. (o/a Ulukhaktok Arts Centre)	NWT BDIC	Ulukhaktok	Subsidiary	\$100,000

TABLE 7 – FINANCIAL ASSISTANCE AND INVESTMENTS PROVIDED BY THE BDIC IN 2009/2010

NAME OF BUSINESS	OWNER(S)	COMMUNITY	FINANCIAL PROGRAM	TOTAL AMOUNT DISBURSED
6121 NWT Ltd. (o/a Gagnier Holdings)	Gagnier, Michel Gagnier, Susan	Hay River	Credit	\$200,000
851791 NWT Ltd. (o/a Rowe's Construction)	Rowe, Jack	Hay River	Credit	\$1,265,000
913044 NWT Ltd. (o/a Fort McPherson Tent and Canvas Shop)	NWT BDIC	Fort McPherson	Subsidiary	\$100,000
953755 NWT Ltd. (o/a Pelican Rapids Golf & Country Club)	Members	Fort Smith	Credit	\$285,000
994486 N.W.T. Limited (o/a Chef Pierre's Catering)	Lepage, Pierre	Yellowknife	Credit	\$1,481,390
Acho Dene Native Crafts	NWT BDIC	Fort Liard	Subsidiary	\$125,000
Alcantara Outfitting Ltd.	Bourque, Charlie Bourque, Fran	Fort Smith	Credit	\$25,000
Aklavik Community Corporation	Members	Aklavik	Contribution	\$10,000
Ali, Mirza	Ali, Mirza	Inuvik	Contribution	\$10,000
Arctic Canada Trading Co. Ltd.	NWT BDIC	Yellowknife	Subsidiary	\$50,000
Baroryee, Jolly	Baroryee, Jolly	Yellowknife	Contribution	\$6,770
Behdzi Ahda First Nation	Members	Colville Lake	Contribution	\$7,200
Bertrand, Eric (o/a Eric's Bobcat Service)	Bertrand, Eric	Enterprise	Credit	\$50,000
Braden, Patrick	Braden, Patrick	Yellowknife	Contribution	\$2,356

NAME OF BUSINESS	OWNER(S)	COMMUNITY	FINANCIAL PROGRAM	TOTAL AMOUNT DISBURSED
Buckley, Bert (Junior)	Buckley, Bert (Junior)	Hay River	Credit	\$40,700
Dene Fur Clouds Ltd.	NWT BDIC	Fort Providence	Subsidiary	\$200,000
DeWolf, Christine (o/a DeWolf Artworks)	DeWolf, Christine	Fort Smith	Contribution	\$4,183
Drescher, Elizabeth	Dresher, Elizabeth	Inuvik	Contribution	\$3,600
Eagle 88 Enterprises Ltd.	Benoit, Raymond L. Benoit, Lucie Benoit, Raymond E.	Hay River	Credit	\$775,700
Energy Wall & Building Products Ltd.	Simek Dejorge, Marta Jorge, Manuel	Yellowknife	Credit	\$1,000,000
F.C. Services Ltd.	Grosco, Curtis Grosco, Margaret	Behchokò	Credit	\$398,000
Fielding, Elsbeth (o/a Dirty Deeds Diaper Service)	Fielding, Elsbeth	Yellowknife	Contribution	\$10,000
Gardner, Jazmine (o/a Soaring Tortoise)	Gardner, Jazmine	Yellowknife	Contribution	\$10,000
Incident Management Program - IMP Corp.	Engen, Lia	Norman Wells	Contribution	\$9,525
James Company Limited	Nitsiza, Alex Nitsia, Millie	Whatì	Credit	\$100,000
Jones, Kenneth (o/a Elle Hair Salon)	Jones, Kenneth	Hay River	Credit	\$32,000
Keya Convenience Store & Clothing	Begum, Moslima Uddin, Khokon	Yellowknife	Contribution	\$10,000
Lennie, Tim (o/a Nighthawk Expediting Charter Services)	Lennie, Tim	Wrigley	Contribution	\$9,384

NAME OF BUSINESS	OWNER(S)	COMMUNITY	FINANCIAL PROGRAM	TOTAL AMOUNT DISBURSED
MacKay, Christina (o/a Twisted Thistle Jewelry)	MacKay, Christina	Fort Smith	Contribution	\$5,500
Matthews, Brendan (o/a Flipside Watersports)	Matthews, Brendan	Yellowknife	Contribution	\$10,000
McIlmoyle & Duchene Professional Corporation	Duchene, Andre McIlmoyle, Betty-Lou	Yellowknife	Contribution	\$10,000
Murdoch, Rebecca	Murdoch, Rebecca	Trout Lake	Contribution	\$1,731
Murphy, Janice (o/a Murphy Construction)	Murphy, Janice	Yellowknife	Contribution	\$4,000
Nahanni Butte General Store Ltd.	NWT BDIC	Nahanni Butte	Subsidiary	\$125,000
Power Surge Technologies Ltd.	Lefebvre, Brain H.	Hay River	Credit	\$800,000
Scott's Electrical Services Ltd.	Farrell, Scott Farrell, Josie	Hay River	Contribution	\$9,009
Simpson Air (1981) Ltd.	Grant, Ted	Fort Simpson	Credit	\$75,000
Smith, Kerry (o/a Kerry's Salvage and Firewood)	Smith, Kerry	Yellowknife	Credit	\$71,500
Thebacha Business Development Services	Members	Fort Smith	Credit	\$75,000
Tulita Developments Ltd.	Tulita Dene Band	Tulita	Credit	\$78,926
YK Dollar Store Ltd.	Mukhtaar, Kaad	Yellowknife	Credit	\$61,603
Total BDIC financial assistance and investment in 2009/2010				\$11,580,807

Financial Statements

Northwest Territories Business Development and Investment Corporation

Consolidated Financial Statements

For the year ended

March 31, 2010



Northwest Territories Business Development and Investment Corporation

Management's Responsibility for Financial Reporting

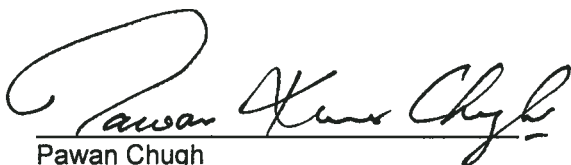
The accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation (the Corporation) are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors.

The consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles with the exception that the Corporation did not apply Accounting Guideline 15 – *Consolidation of Variable Interest Entities*. The consolidated financial statements also include some amounts, such as the allowance for credit losses and the provision for employee future benefits, which are based on management's best estimates and judgment.

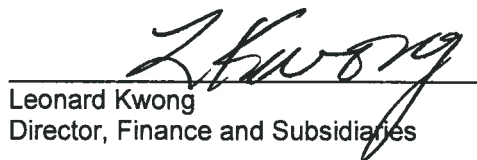
In discharging its responsibility for the integrity, fairness and quality of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded,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

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

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



Pawan Chugh
Chief Executive Officer



Leonard Kwong
Director, Finance and Subsidiaries

July 16, 2010



AUDITOR'S REPORT

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

I have audited the consolidated balance sheet of the Northwest Territories Business Development and Investment Corporation as at March 31, 2010 and the consolidated statements of operations and comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As explained in Note 2 to the consolidated financial statements, the Corporation did not apply Accounting Guideline 15 – *Consolidation of Variable Interest Entities* as required under Canadian generally accepted accounting principles. This Guideline discusses the application of consolidation principles to certain variable interest entities that are subject to control on a basis other than ownership of voting interests and provides guidance for determining when an enterprise includes the assets, liabilities and results of activities of such an entity in its consolidated financial statements. Accordingly, I was not able to determine whether any adjustments might be necessary to the reported assets, liabilities, revenues and expenses, cash flows and the related note disclosures to the consolidated financial statements.

In my opinion, except for the effect of adjustments, if any, which may have been necessary had I been able to satisfy myself concerning the matter described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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

Guy LeGras, CA
for the Auditor General of Canada

Edmonton, Canada
July 16, 2010

Northwest Territories Business Development and Investment Corporation**Consolidated Financial Statements (March 31, 2010)**

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Consolidated Statement of Operations and Comprehensive Income	6
Consolidated Statement of Retained Earnings	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 31

Northwest Territories Business Development and Investment Corporation**Consolidated Balance Sheet**

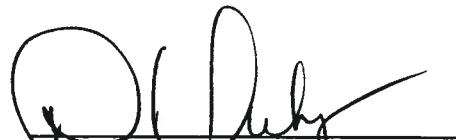
As at March 31	000's	
	2010	2009
Assets		
Cash (Note 3)	\$ 11,070	\$ 11,182
Accounts receivable	679	484
Inventory (Note 4)	705	1,179
Prepaid expenses	331	281
	<hr/> 12,785	<hr/> 13,126
Loans receivable, net of allowance for credit losses (Notes 5 and 6)	34,686	27,138
Venture investments (Note 7)	110	137
Property and equipment (Note 8)	478	371
Accrued benefit asset (Note 9b)	374	324
	<hr/> \$ 48,433	<hr/> \$ 41,096
Liabilities		
Accounts payable and accrued liabilities	\$ 739	\$ 797
	<hr/> 739	<hr/> 797
Advances from the Government (Note 10)	31,554	27,729
Deferred subsidy contributions (Note 11)	1,063	1,116
Deferred capital contributions (Note 12)	1,835	2,041
Employee future benefits (Note 9b)	374	324
Asset retirement obligations (Note 13)	92	122
	<hr/> 34,918	<hr/> 31,332
Equity		
Contributed surplus	538	715
Retained earnings	12,238	8,252
	<hr/> 12,776	<hr/> 8,967
	<hr/> \$ 48,433	<hr/> \$ 41,096

Guarantees, commitments and contingent liability (Note 19)

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

Approved by:


Darrell Beaulieu
Chairperson of the Board of Directors


Denise Yuhas
Chairperson of the Audit Committee

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Operations and Comprehensive Income**

For the year ended March 31	000's	
	2010	2009
Lending and investments		
Income on loans receivable and venture investments		
Interest (Note 5)	\$ 3,571	\$ 2,407
Dividends and other income	37	77
Interest on pooled cash (Note 3)	46	275
	3,654	2,759
Interest expense on advances from the Government	532	703
Cost of interest rate reduction program (Note 5)	1,282	-
Recovery of credit losses, net (Note 6)	(1,461)	(412)
Operating and administrative expenses (Note 15)	3,267	3,215
Net income (loss) on lending and investments	34	(747)
Retail and manufacturing		
Sales	1,003	1,185
Cost of goods sold	717	807
Gross margin	286	378
Other income	24	33
Operating and administrative expenses (Note 15)	1,056	920
Net loss on retail and manufacturing	(746)	(509)
Net loss from continuing operations before Government contributions	(712)	(1,256)
Net loss from discontinued operations (Note 21)	-	(86)
Net gain on disposal of long-lived assets (Note 22)	184	-
Net loss from operations before Government contributions	(528)	(1,342)
Government contributions (Note 14)	4,514	4,177
Net income and comprehensive income	\$ 3,986	\$ 2,835

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

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Retained Earnings**

For the year ended March 31	000's	
	2010	2009
Retained earnings		
Balance, beginning of year	\$ 8,252	\$ 5,417
Net income and comprehensive income	3,986	2,835
Balance, end of year	\$ 12,238	\$ 8,252

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

Northwest Territories Business Development and Investment Corporation

Consolidated Statement of Cash Flows

For the year ended March 31	000's	
	2010	2009
Operating activities		
Net income and comprehensive income	\$ 3,986	\$ 2,835
Items not affecting cash		
Amortization of property and equipment	53	66
Amortization of deferred capital contributions (Note 12)	(316)	(29)
Non cash changes on disposal of long-lived assets (Note 22)	17	-
Gain on disposal of long-lived assets (Note 22)	(184)	-
Gain on disposal of property and equipment	-	(10)
Accretion expense, net of valuation adjustments (Note 13)	5	(1)
Loans reclassified from impaired to current	(1,419)	-
Recovery of credit losses, net	(1,461)	(412)
Loss on interest rate reduction program	851	-
Change in non-cash operating working capital (Note 16)	198	(157)
Cash provided by operating activities	1,730	2,292
Investing activities		
Loans receivable disbursed	(9,899)	(4,534)
Loans receivable repaid	4,358	4,792
Redemptions of venture investments	27	-
Proceeds of disposal of long-lived assets (Note 22)	167	8
Acquisition of property and equipment	(377)	(31)
Cash (used in) provided by investing activities	(5,724)	235
Financing activities		
Advances from the Government	5,500	-
Repayment of advances from the Government	(1,675)	(1,703)
Subsidy contributions received (Note 11)	800	500
Subsidy contributions disbursed (Note 11)	(853)	(713)
Capital contributions received (Note 12)	110	440
Cash provided by (used) in financing activities	3,882	(1,476)
Net (decrease) increase in cash	(112)	1,051
Cash, beginning of year	11,182	10,131
Cash, end of year	\$ 11,070	\$ 11,182
Supplemental disclosure of cash flow information		
Amount of interest paid in the year	\$ 550	\$ 703

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

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2010

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* (FAA). Accordingly, the Corporation operates in accordance with Part IX of the FAA, the *Northwest Territories Business Development and Investment Corporation Act* and its regulations, and any directives issued to it by the Minister responsible for the Corporation 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 contributions 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 contributions requested from the Government for approval by the Financial Management Board (FMB) prior to the commencement of the fiscal year. The contributions 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, subsidiaries based on need, providing contributions for business development projects, and purchasing capital assets for the Corporation. The contributions are not repayable to the Government if not completely spent within the fiscal year in which they were provided.

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

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

(d) Taxes

The Corporation and its subsidiaries are exempt from the payment of any municipal, territorial and federal income taxes pursuant to Section 35 of the Act and Section 149 of the *Income Tax Act* of Canada. Effective September 2009, the Corporation was approved to be on the reciprocal tax agreement with the Federal Government. The subsidiaries are not exempt from the GST.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

2. Significant accounting policies

The consolidated financial statements of the Corporation were prepared in accordance with Canadian generally accepted accounting principles (GAAP) with the exception that the Corporation did not apply Accounting Guideline 15 - *Consolidation of Variable Interest Entities* to its venture investments and loans receivable portfolios.

The preparation of the consolidated financial statements, in accordance with GAAP, requires the Corporation 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 financial statements and the reported amounts of revenues and expenses during the 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, the Corporation believes the estimates and assumptions to be reasonable. Some of the more significant estimates relate to the determination of the allowance for credit losses and the estimate of fair value of the loan portfolio. 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 judgments.

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

(a) Basis of consolidation

These consolidated financial statements include the assets, liabilities, revenues and expenses of the Corporation and its subsidiaries. All intercompany transactions and balances have been eliminated.

The Corporation controls all of its subsidiaries but does not hold a 100% interest in all of them. The non-controlling interest in the subsidiaries has been reduced by the losses applicable to the non-controlling interest. The excess and any further losses applicable to the non-controlling interest are allocated only to the parent's interest. Subsequent earnings will be allocated proportionately to the non-controlling interest when the parent's previously absorbed losses are recovered.

These consolidated financial statements include the accounts of the following subsidiaries:

Subsidiary	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 souvenirs			
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

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

2. Significant accounting policies (continued)**(a) Basis of consolidation (continued)**

Subsidiary	Location	Percentage Ownership	Incorporation Date
Wholesale/retail stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
Nahanni Butte General Store Ltd.	Nahanni Butte, NT	51%	October 15, 1992

Aklavik & Tuktoyaktuk Furs Ltd. had a wind up plan approved by the Board in November 2002. In 2004 the company divested itself of its leases and properties in Aklavik and is continuing with asset maintenance pending sale of the building in Tuktoyaktuk.

(b) Cash

Cash is comprised of bank account balances (net of outstanding cheques), and short-term highly liquid investments. 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.

(c) Inventory

Inventories consist of raw materials, work-in-process and finished goods. Raw materials and work-in-process are valued at the lower of cost and estimated net realizable value. Finished goods are valued at the lower of cost and estimated net realizable value, with cost being determined on a first in, first out basis.

(d) Loans receivable

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. In addition, a loan is also classified as impaired when, payment is three months past due (unless the loan is fully secured), or when payment is six months past due (regardless of whether or not the loan is fully secured).

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

Interest income is recorded 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 recorded as an adjustment to the allowance for credit losses. The loan reverts to accrual 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, 2010**

2. Significant accounting policies (continued)**(d) Loans receivable (continued)**

Under the provisions of the FAA, an account (loan or venture investment) can only be approved for write-off by either the Board of Directors (\$20,000 or less) or the Legislative Assembly (over \$20,000). An account that has been written off is still subject to collection action. An account can only be approved for forgiveness by the FMB (\$1,000 or less) or the Legislative Assembly (over \$1,000). Once an account has been forgiven, no further collection action is possible.

(e) 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 realizable 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 realizable value.

The general allowance is established 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 realizable values during the current period and is reduced by recoveries and loan write-offs.

(f) Venture investments

Venture investments are recorded at cost (as there is no active market), less any write-downs to reflect any 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 declared. When they are received they are deposited to the Venture Investment Fund to be used for additional investments in venture activities.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

2. Significant accounting policies (continued)**(g) Property and equipment**

Property and equipment is carried at cost less accumulated amortization. Amortization is recorded by the straight-line method at rates set out below:

Buildings	20 years
All other assets	4 years

Property and equipment are reviewed for impairment whenever events and changes in circumstances suggest that the carrying amount of an asset may not be recoverable. Impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted projected future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value.

(h) Asset retirement obligations

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

(i) Contributions from the Government

The contribution approved to finance the Corporation's general operations is recognized as revenue in the year it is received by the Corporation.

The contributions approved for providing operating subsidies to subsidiaries based on need or for the purpose of funding specific business development projects are recognized as revenue in the year the subsidy is paid to the subsidiary or the related business expenses are incurred. Unused contributions are carried forward to the following year and recorded as deferred subsidy contributions.

The contributions approved for making capital investments in the subsidiaries are recognized as revenue in the year the investment is made in the subsidiary.

The contributions approved for purchasing capital assets for the Corporation or subsidiaries are recorded as deferred capital contributions and are recognized as revenue on the same basis as the amortization of the related capital assets.

The Government also provides certain services without charge to the Corporation. The estimated cost of these services is recorded as a government contribution - services received without charge, and included in the Corporation's expenses.

2. Significant accounting policies (continued)

(j) Employee future benefits

- i) Pension benefits:** All eligible employees participate in the Public Service Pension Plan (the Plan) administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Plan.
- ii) Employee severance and removal benefits:** Employees are entitled to severance 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 recorded when employees are identified for lay-off. The cost of the benefits has been determined based on management's best estimates using the expected compensation level and employee leave credits.

(k) Financial instruments – recognition and measurement

All financial assets and financial liabilities (including derivatives) are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on the classification of the financial instruments.

The Corporation has adopted the following policies with respect to the recognition and measurement of its financial instruments:

Classification of financial instruments

Held-for-trading

A financial instrument that is acquired or incurred principally for the purpose of selling or repurchasing it in the near term is required to be classified as held-for-trading. The Corporation classified cash as held-for-trading. The fair value of cash approximates the carrying amount due to the short term to maturity.

Available-for-sale

Assets that are not actively traded, but may still be sold as a result of changes in market conditions or for liquidity purposes, are classified as available-for-sale. The Corporation classified its venture investments as available-for-sale. The venture investments are carried at cost as there is no available quoted market price in an active market.

Loans and receivables

Loans that are not actively traded are required to be classified as loans and receivables and accounted for at amortized cost using the effective interest rate method. The Corporation classified its accounts receivable and its loans receivable as loans and receivables.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

2. Significant accounting policies (continued)**(k) Financial instruments – recognition and measurement (continued)****Classification of financial instruments (continued)****Held-to-maturity**

Held-to-maturity investments are non-derivative financial assets, other than those assets that meet the definition of loans and receivables, with fixed or determinable payments and a fixed maturity, which an entity has the intention and ability to hold to maturity. These assets are recorded at amortized cost. The Corporation has not classified any of its financial assets as held-to-maturity.

Other financial liabilities

The Corporation classified its accounts payable and accrued liabilities and advances from the Government as other financial liabilities, which are accounted for at amortized cost using the effective interest rate method.

(l) Comprehensive income

Comprehensive income includes all changes in equity during the year except those resulting from investments by owners and distributions to owners. Other comprehensive income represents changes in equity during the year arising from transactions and other events that include changes in unrealized gains and losses on financial assets classified as available-for-sale.

Currently the Corporation has no other comprehensive income.

2. Significant accounting policies (continued)**(m) Adoption of new accounting standards****Financial instruments – amendments to the disclosure requirements**

In June 2009, the Canadian Institute of Chartered Accountants (CICA) amended Handbook Section 3862 – Financial Instruments – Disclosures. The purpose of the amendments is to improve disclosure on fair value measurements and liquidity risk related to financial instruments. All financial instruments measured at fair value must be classified in fair value hierarchy levels, which are as follows:

- Level 1 – Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets or liabilities.
- Level 2 – Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable.
- Level 3 – Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model or assumption or input is unobservable.

Liquidity risk disclosure was also enhanced with the inclusion of a maturity analysis for derivative and non-derivative financial liabilities.

The amendments are effective for annual financial statements for fiscal years ending after September 30, 2009, with early adoption permitted. To provide relief for financial statement preparers, the CICA decided that comparative information for the new disclosures was not required in the first year of adoption.

As the amendments only concern disclosure requirements, they do not have an impact on the results or financial position of the Corporation. The required disclosures are included in Note 17.

(n) Future accounting changes

In December 2009, the Public Sector Accounting Board (PSAB) issued an amendment to the Introduction to Public Sector Accounting Standards of the PSAB Handbook. This amendment eliminated the Government Business Type Organizations (GBTO) classification and entities currently classified as a GBTO are required to re-assess their classification. Under the revised introduction, the Corporation is classified as an Other Government Organization (OGO). As an OGO, the Corporation has determined the most appropriate basis of accounting to meet the needs of the users of its consolidated financial statements to be the standards issued by the PSAB. The Corporation will adopt the standards issued by the PSAB for its fiscal year beginning April 1, 2011. The Corporation is currently evaluating the impact of the adoption of these standards.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

3. Cash

Cash is comprised of cash held by the Corporation for operations, as well as in funds and reserves established under the Act, and cash held by subsidiaries. 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, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service Limited. The Corporation's average investment yield was 0.38% during the year (2009: 2.3%).

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 subsidiaries and venture investments through approved drawdowns.

	000's	
	2010	2009
Cash held by the Corporation for operations	\$ 3,494	\$ 3,166
Cash held by subsidiaries	684	780
	4,178	3,946
Venture Investment Fund	3,683	3,618
Subsidy Fund	1,063	1,117
Capital Fund	1,201	1,234
Venture Reserve Fund	485	485
Capital Reserve Fund	90	59
Loans and Bonds Fund	370	723
	6,892	7,236
	\$ 11,070	\$ 11,182

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2010

4. Inventory

	000's	
	2010	2009
Finished goods	\$ 548	\$ 943
Raw materials	137	212
Work-in-process	20	24
	\$ 705	\$ 1,179

During the year, inventories of \$ 44,782 were written down (2009: \$ 51,000) and no inventories were pledged as security for liabilities. Also during the year, the Corporation had no recoveries on inventory that had been previously written down to nil carrying value (2009: \$ 8,000). Inventory write-downs and recoveries are included in the cost of goods sold.

5. Loans receivable

The Corporation provides variable and fixed rate loans for periods up to five years with the amortization period not to exceed twenty-five years. Variable rate interest financing was offered effective June 2009. No variable rate interest loans were approved during the year.

In addition, effective June 2009, the Corporation initiated an interest rate reduction program to enable loan clients who were not in arrears the opportunity to renew their loans at the Corporation's lowest interest rate of 4.25% for a maximum term ending May 31, 2011. The opportunity to renew under this initiative ended March 31, 2010. The Corporation has recognized the total estimated cost of the interest rate reductions granted of \$1,281,882 as an expense for the current year and reduced the recorded investment in the loans. In addition, the Corporation is also amortizing the reduction in the recorded investment in the loan over the term of the loan so that the return on the loan reflects the interest rate inherent in the loan prior to the interest rate reduction by increasing interest income and the recorded investment in the loan. The additional amount of interest income recognized of \$431,025 is included as part of interest income recognized on loans receivable for the current year.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2010

5. Loans receivable (continued)

As of March 31, 2010, loans receivable are expected to mature as follows:

	000's			
	2010		2009	
	Rate	Balances	Rate	Balances
Performing loans due within:				
1 year	5.46	\$ 1,170	6.88	\$ 3,060
1-2 years	4.41	20,762	6.68	5,188
2-3 years	5.25	205	8.10	1,562
3-4 years	7.25	572	8.10	4,862
over 4 years	5.34	7,998	7.78	10,534
		30,707		25,206
Accrued loan interest receivable		147		173
Impaired loans		10,085		9,514
		40,939		34,893
Less: allowance for credit losses (Note 6)		6,253		7,755
		\$ 34,686		\$ 27,138

In 2010, no loan accounts (2009: \$324,000) were written off by the Legislative Assembly. Two loan accounts representing two borrowers totalling \$10,000 (2009: \$50,000) were written off by the Board of Directors. In 2010, three accounts representing three borrowers totalling \$31,000 (2009: \$255,000) were forgiven by the Legislative Assembly. No accounts were forgiven by the FMB during the current year (2009: nil). In 2010, recoveries on loans receivable previously written off totalled \$2,000 (2009: \$7,000).

Concentration of credit risk

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

Geographic concentration

Region	000's			
	2010		2009	
	Performing	Impaired	Performing	Impaired
South Slave	\$ 14,443	\$ 4,053	\$ 10,607	\$ 3,513
North Slave	8,788	3,879	6,473	3,425
Inuvik	1,666	1,054	1,951	1,188
Dehcho	2,976	591	2,558	824
Sahtu	2,834	508	3,617	564
	\$ 30,707	\$ 10,085	\$ 25,206	\$ 9,514

Northwest Territories Business Development and Investment Corporation

**Notes to the Consolidated Financial Statements
March 31, 2010**

5. Loans receivable (continued)

Enterprise concentration

Enterprise	000's			
	2010		2009	
	Performing	Impaired	Performing	Impaired
Construction	\$ 7,727	\$ 1,860	\$ 6,526	\$ 748
Retail trade	6,879	1,431	5,240	1,287
Accommodations, food and beverage	5,952	844	3,841	1,113
Wholesale trade	3,654	-	3,673	-
Transportation and storage	1,855	337	1,896	366
Travel and tourism	1,251	2,197	208	2,315
Manufacturing	873	-	140	257
Finance and insurance	775	529	735	658
Forestry and logging	71	-	4	5
Communication	53	225	93	290
Fisheries and wildlife harvesting	40	604	12	637
Oil and gas	-	773	-	942
Other services	1,577	1,285	2,838	896
	\$ 30,707	\$ 10,085	\$ 25,206	\$ 9,514

The loans receivable balance contains loans, totalling \$1,065,000, made to venture investees (2009: \$792,000). These loans are in addition to the venture investments shown in Note 7.

The following table illustrates performing loans outstanding as at March 31 classified by the Corporation's credit risk rating system:

Credit risk rating	000's			
	2010		2009	
Low	\$ 14,627	47.6%	\$ 10,160	40.3%
Medium	11,277	36.7%	9,220	36.6%
High	4,803	15.7%	5,826	23.1%
	\$ 30,707	100.0%	\$ 25,206	100.0%

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

Loans Past Due but Not Impaired	000's			
	30 – 59 days	60 – 89 days	Over 90 days	Total
As at March 31, 2010	\$ 326	\$ 639	\$ 12	\$ 977
As at March 31, 2009	1,810	1,392	-	3,202

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

5. Loans receivable (continued)

The risk exposure relating to loans is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of the Northwest Territories. To mitigate this risk, the Corporation limits the concentration of loans with any individual client. Under its regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is \$2 million. Amounts greater than \$2 million must be approved by the FMB. There were no loans approved by the FMB in 2010 (2009: nil).

6. Allowance for credit losses

	000's	
	2010	2009
Balance, beginning of year	\$ 7,755	\$ 8,796
Provision for (recovery of) credit losses	(268)	711
Recoveries from repayments	(1,193)	(1,123)
Write-offs and forgiveness (Note 5)	(41)	(629)
Balance, end of year	\$ 6,253	\$ 7,755
Comprised of:		
Specific allowance	\$ 5,639	\$ 7,251
General allowance	614	504
	\$ 6,253	\$ 7,755

7. Venture investments

The Corporation's portfolio of venture investments is focused on providing financing in the form of preferred shares and debt to companies in the Northwest Territories. As at March 31, 2010, the Corporation does not have significant influence in the companies in which it has invested.

	000's	
	2010	2009
Balance, beginning of year	\$ 137	\$ 137
Redemptions	27	-
Balance, end of year	\$ 110	\$ 137

In 2010, the Corporation had no recoveries (2009: nil) on investments previously written down.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

7. Venture investments (continued)**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.

8. Property and equipment

	000's			
	Cost	Accumulated Amortization	Net Book Value 2010	Net Book Value 2009
Land	\$ 82	\$ -	\$ 82	\$ 20
Buildings	4,072	3,807	265	285
Equipment	721	700	21	25
Leasehold improvements	246	140	106	17
Computer equipment	31	27	4	6
Vehicles	50	50	-	18
	\$ 5,202	\$ 4,724	\$ 478	\$ 371

9. Employee future benefits**(a) Pension benefits**

The Corporation and all eligible employees contribute to the Government of Canada Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Corporation's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	000's	
	2010	2009
Corporation's contributions	\$ 212	\$ 246
Employees' contributions	\$ 94	\$ 97

(b) Severance and removal benefits

The Corporation provides severance benefits to its employees based on years of service and final salary. The Corporation also provides removal assistance to eligible employees, as provided under labour contracts. This benefit plan is pre-funded from current contributions and recognized as an accrued benefit asset on the Corporation's balance sheet. The plan is administered by the Government. The Government makes the investment decisions on behalf of the Corporation.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2010

9. Employee future benefits (continued)

Information about the plan, measured as at the balance sheet date, is as follows:

	000's	
	2010	2009
Accrued benefit obligation, beginning of year	\$ 324	\$ 336
Cost for the year	50	(12)
Accrued benefit obligation, end of year	\$ 374	\$ 324
Accrued benefit asset	\$ 374	\$ 324

10. Advances from the Government

The Act authorizes the Corporation to borrow, for the purpose of lending and for minority equity investments, 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 (2009: \$45 million) as at March 31, 2010.

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 1.4% to 2.0% (2009: 1.3% to 3.4%) during the year.

11. Deferred subsidy contributions

	000's	
	2010	2009
Balance, beginning of year	\$ 1,116	\$ 1,329
Subsidy contributions received during the year	800	500
Subsidies paid to subsidiaries and for business development projects during the year (Note 14)	(853)	(713)
Balance, end of year	\$ 1,063	\$ 1,116

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2010

12. Deferred capital contributions

	000's	
	2010	2009
Balance, beginning of year	\$ 2,041	\$ 1,630
Capital contributions received during the year	110	440
Amortization of deferred capital contributions	(176)	(29)
Disposal of long-lived assets (Note 14)	(140)	-
Balance, end of year	\$ 1,835	\$ 2,041
Comprised of:		
Capital contributions allocated but unexpended	\$ 1,484	\$ 1,824
Capital contributions being amortized (net of amortization)	351	217
	\$ 1,835	\$ 2,041

13. Asset retirement obligations

	000's	
	2010	2009
Balance, beginning of year	\$ 122	\$ 123
Accretion expense	5	6
Disposals during the year	(37)	-
Additions during the year	2	-
Valuation adjustment	-	(7)
Balance, end of year	\$ 92	\$ 122

The Corporation estimates the undiscounted amount of cash flows required to settle the asset retirement obligations to be approximately \$133,934 (2009: \$152,200) which will be incurred between 2010 and 2034. Credit-adjusted risk-free rates between 4.88% and 5.56% (2009: 4.88% and 7.75%) were used to calculate the carrying values of the asset retirement obligations. No funds have been set aside by the Corporation to settle the asset retirement obligations.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2010

14. Government contributions

Government contributions recognized as revenue during the year are as follows:

	000's	
	2010	2009
Government of the Northwest Territories:		
Contribution received to finance general operations	\$ 2,639	\$ 2,706
Subsidies paid to subsidiaries and for business development projects during the year (Note 11)	853	713
Less: Subsidies for discontinued operations	-	(115)
Services received without charge (Note 20)	728	718
Amortization of deferred capital contributions (Note 12)	176	29
	<u>4,396</u>	<u>4,051</u>
Federal and Territorial programs	118	126
	<u>\$ 4,514</u>	<u>\$ 4,177</u>

15. Operating and administrative expenses

	000's			
	2010		2009	
	Lending	Retail/ Manufacturing	Lending	Retail/ Manufacturing
Salaries	\$ 2,302	\$ 515	\$ 2,380	\$ 474
Rent	207	20	200	22
Professional fees	108	126	69	122
Office and general	127	55	161	29
Environmental cleanup	-	25	-	-
Utilities	-	170	-	154
Board members	55	2	82	1
Travel	94	37	77	25
Communication	17	17	15	16
Training and workshops	44	-	16	-
Advertising and promotion	29	27	50	34
Amortization	25	28	25	17
Loss on write down of inventory	45	-	-	-
Accretion expense	3	2	3	1
Bad debts (recovery)	(22)	16	8	6
Bank charges and interest	2	16	2	19
	<u>3,036</u>	<u>1,056</u>	<u>3,088</u>	<u>920</u>
Business Service Centre	78	-	49	-
Business Development Fund	153	-	78	-
	<u>\$ 3,267</u>	<u>\$ 1,056</u>	<u>\$ 3,215</u>	<u>\$ 920</u>

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

16. Changes in non-cash operating working capital on the Consolidated Statement of Cash Flows

	000's	
	2010	2009
Accounts receivable	\$ (195)	\$ (188)
Inventory	474	(194)
Prepaid expenses and accrued benefit asset	(100)	27
Accounts payable and accrued liabilities and employee future benefits	(8)	197
Loan receivable interest income accruals	27	1
	\$ 198	\$ (157)

17. Financial instruments**Credit risk**

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

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

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

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

The principal collaterals held as security and other credit enhancements for loans include: (i) various security on assets; (ii) corporate and personal guarantees; and (iii) assignments of leases.

As at March 31, 2010, \$1,898,000 (2009: \$2,583,000) of the impaired loans are secured by assets the Corporation has the ability to sell in order to satisfy borrower's commitments. There were no significant changes to the Corporation's credit risk management policies and practices from the prior year.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

17. Financial Instruments (continued)**Credit risk (continued)**

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2010:

	000's	
	2010	2009
Cash	\$ 11,070	\$ 11,182
Accounts receivable	679	484
Loans receivable	34,686	27,138
Venture investments	110	137

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 fair value and future cash flows of the advances from the Government. Changes in interest rates will also cause fluctuations in the fair value of the loans receivable, as well as interest revenue from cash.

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

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

Based on the Corporation's advances from the Government as at March 31, 2010 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease net income by \$176,000 (2009: \$168,000). A 100 basis point decrease in interest rates would increase net income by the same amounts.

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 Corporation has no significant liabilities maturing in future years. The Corporation does not currently believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

There are no fixed repayment terms on the advances from the Government. Repayment on advances is made whenever the Corporation has sufficient cash on hand which is not earmarked for lending purposes, thus creating additional liquidity for the Corporation for lending purposes.

Fair value of financial instruments

The Corporation's financial instruments consist of cash, accounts receivable, loans receivable, venture investments, accounts payable and accrued liabilities, and the advances from the Government. The fair values are determined using the valuation methods and assumptions described hereafter.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

17. Financial instruments (continued)**Fair value of financial instruments (continued)**

The carrying value of short term financial instruments such as cash, accounts receivable and accounts payable and accrued liabilities approximates their fair values due to the short term nature of these financial instruments.

The advance from the government carries a variable market interest rate and therefore its carrying value is considered by management to approximate its fair value.

The estimated fair value for the venture investments is assumed to equal carrying value.

The estimated fair value for the performing loans receivable is estimated using a discounted cash flow calculation based on current rates for loans with similar risks. The general component of the allowance for credit losses is subtracted from the estimated fair value of the performing loans receivable. The estimated fair value of the impaired loans receivable is equal to their net realizable value, which is calculated by subtracting the specific component of the allowance for credit losses from the recorded investment in the impaired loans receivable.

	000's			
	2010		2009	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Cash	\$ 11,070	\$ 11,070	\$ 11,182	\$ 11,182
Accounts receivable	679	679	484	484
Loans receivable	34,686	33,422	27,138	29,770
Venture investments	110	110	137	137
Accounts payable and accrued liabilities	739	739	797	797
Advances from the Government	31,554	31,554	27,729	27,729

The following table presents the financial instruments measured at fair value classified by the fair value hierarchy set out in Section 3862 as of March 31, 2010 as described in Note 2:

	000's			
	Total	Level 1	Level 2	Level 3
Loans receivable	\$ 34,686	-	\$ 34,686	-
Venture investments	110	-	-	110
Advances from the Government	31,554	-	31,554	-

18. Capital management

The Corporation's primary objective is to provide financial assistance to northern businesses in accordance to its mandate. As it is economically dependent upon the Government, funding received from Government through the annual contributions and advances constitutes the Corporation's primary sources of capital. Contributions received must be allocated and used in accordance to its Corporate Plan and funding through the advances must be used in accordance to limits and conditions approved by the FMB as described in notes 1(c) and 10.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

18. Capital management (continued)

For the year, the FMB approved total government contributions of \$3.549 million (2009: \$3.499 million) to the Corporation. The Corporation has complied with its capital requirements.

Equity

The Corporation has not established any debt-to-equity and capital adequacy ratio limits and is not required to maintain any capital and loss reserves sufficient to ensure it can withstand unfavourable economic circumstances without additional government funding. In addition, there are no statutory limitations to the recorded surplus. There were no changes to the Corporations capital management policies or objectives from the prior year.

19. Guarantees, commitments and contingent liability**Guarantees**

The Corporation has three outstanding loans to two Northern Community Futures organizations for their own lending purposes totalling \$1,047,000. Loans provided by these two organizations may be assigned to the Corporation when impaired. If assigned, the Corporation would then write-off the Community Futures organization loan balance and would attempt to recuperate its loss. In 2010, there was one account in the amount of \$62,000 assigned to the Corporation (2009: nil).

Loan and venture commitments

As at March 31, 2010, loans to businesses, approved but not yet disbursed, totalled \$3.3 million at a weighted average interest rate of 5.6% (2009: \$3.8 million at a weighted average rate of 6.0%). These loans do not form part of the loans receivable balance until disbursed. As at March 31, 2010, there were no venture commitments (2009: nil).

Letter of credit

The Corporation has two outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled \$130,000 and expire in 2011. Payment by the Corporation is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee and collateral mortgage. There are currently no amounts that the Corporation has paid out as a result of these letters of credit and no amount has been recorded as a liability.

Contingent liability

The Corporation is named as co-defendant in one legal proceeding. The proceeding is related to steps taken by the Corporation to call and enforce its rights involving the collateral security of a loan. The amount of the claim is \$750,000. An estimate of the Corporation's potential liability, if any, resulting from this action cannot be reasonably determined at this time.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2010

20. Related party transactions

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

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

	000's	
	2010	2009
Revenues		
Sales	\$ 25	\$ 10
Expenses		
Purchases	\$ 181	\$ 297
Interest expense	532	703
Balances at year end		
Accounts receivable	\$ 28	\$ 27
Accounts payable and accrued liabilities	8	33
Advances from the Government	31,554	27,729

Services received without charge

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

	000's	
	2010	2009
Staff support	\$ 522	\$ 515
Accommodation	206	203
	\$ 728	\$ 718

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2010**

21. Net loss from discontinued operations

During the year the Corporation received FMB approval to sell its equity investment in the Rae Lakes General Store Ltd., a wholly owned subsidiary of the Corporation, to an unrelated third party. The effective date of the sale was April 1, 2009. On January 22, 2010, the sale was completed, resulting in a loss from discontinued operations, summarized as follows:

	<u>000's</u>	
	<u>2009</u>	
Sales	\$	1,030
Cost of goods sold		(885)
Operating and administrative expenses		(369)
Other income		23
Government contributions		115
Net loss on discontinued operations	\$	86

22. Net gain on disposal of long-lived assets

The net gain on disposal of long-lived assets was calculated as follows:

	<u>000's</u>	
	<u>2010</u>	
Capital investment in long-lived assets	\$	506
Accounts receivable		123
Deferred capital contributions (Note 12)		(140)
Retained earnings of long-lived assets		(506)
Non cash changes on disposal of long-lived assets		(17)
Proceeds on disposal of long-lived assets		(167)
Net gain on disposal of long-lived assets	\$	184

23. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.



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