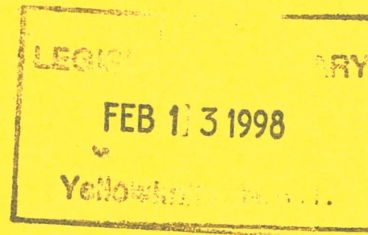


Business Development Fund

Annual Report

April 1, 1996 - March 31, 1997





Introduction

This annual report provides an overview of the contributions made to Northwest Territories businesses in 1996/97 under the Department of Resources, Wildlife and Economic Development, Business Development Fund.

Purpose

The Business Development Fund (BDF) is a contribution fund aimed at stimulating employment and economic development throughout the NWT.

Program Description

The BDF is made up of these programs.

Planning and Other Developmental Costs – assist businesses to meet pre-establishment or pre-expansion costs when there is a good possibility of increasing regional sales or displacing imported goods and services. This may include the cost of engineering or other pre-construction costs, feasibility studies, business plans and assistance with legal and regulatory costs.

Pilot or Demonstration Projects – assist businesses to establish pilot or demonstration projects to determine/assess the applicability of new technology.

Business Creation or Expansion – encourages the expansion and development of trade, services, renewable resources and manufacturing businesses through new business start-ups or expansions. Assistance is primarily directed to expansion related capital costs.

Venture Capital – assistance may be provided to businesses or individuals willing to invest in NWT owned businesses. Businesses and individuals eligible for venture capital assistance may be or may not be from the NWT.

Market and Product Development – assist businesses, to generate and increase sales of NWT products and goods and services. Provides assistance with new markets or to develop new products for existing markets. Related costs include marketing and product development expenditures.

Business Skills – provides assistance in short term management or business training where other sources are not available.

Business Relief – assist businesses in smaller or less developed communities that are in financial difficulty to identify problems and develop plans to overcome them.

Community Initiatives – assist with initiatives that build on local or regional economic development strategies; address impediments to economic growth; and promote the development of a stable, diversified economy.

Principles

The Fund is intended to fill the gaps in programs and services offered by other agencies. Even though it is designed as a last resort source of assistance, there are several underlying principles which govern the decision making process.

Need – all other sources of funding must be approached and the applicant must demonstrate that the project cannot economically proceed without our financial assistance.

Sustainability – generally, the project must demonstrate that there is long-term potential for viability.

Shared Risk – the program recognizes that most business opportunities bring with them varying degrees of risk. Through a BDF contribution, Resources, Wildlife and Economic Development is willing to share the risk with the applicant.

Economic Benefits – job creation, increased exports and reduced imports are all factors which determine whether or not a project will receive support.

It is recognized that there are disparities between communities in accessing investment capital, markets, technical support, a skilled work force and other economic barriers. As well as ensuring that the underlying principles were applied equitably throughout the Northwest Territories, communities were grouped according to size, proximity to markets and historical unemployment rates. These groupings are used to establish variable contribution levels and equity requirements weighted in favour of the more disadvantaged communities.

Definitions - Groupings

Group 1 – communities are defined as having reasonable to good transportation linkages, developed internal and external markets, larger population base and per capita income, low unemployment, stable business community and related infrastructure.

Group 2 – communities are defined as having limited but potential markets, lower per capita incomes, high unemployment, fewer businesses and inferior physical infrastructure.

Group 3 – communities are defined as being isolated, having high levels of unemployment, limited transportation, limited business opportunities and economies linked to resource harvesting.

Fund Performance

The main task of the Department of Resources, Wildlife and Economic Development is to help businesses create jobs and income for Northerners.

To do this, the Department has developed a number of programs for small businesses. The Business Development Fund (BDF) of Resources, Wildlife and Economic Development is a contribution program for businesses across the Northwest Territories. It has been in operation since 1991 and over this period has assisted 1,741 businesses. Table 1 summarizes the program's major funding activity for the past five years.

Table 1 - Contribution Funding Over Five Years

	Applicants	Approvals	Approval as a Percentage of Total Approvals	Aboriginal Approvals	Aboriginal Approvals as a Percentage of Total Approvals
1992/93	351	267	76%	150	56%
1993/94	281	225	80%	141	63%
1994/95	298	250	84%	166	66%
1995/96	290	246	85%	179	73%
1996/97	480	421	88%	346	82%
Totals	1,700	1,409	83%	982	70%

Funding Activity

This report summarizes BDF's Contributions over the 1996/97 fiscal year. The following are some program highlights:

- The program considered 480 applications and provided assistance to 421 applicants. This amounts to an 88% approval rating.
- \$7.9 million in assistance was requested and \$5.6 million in contributions were approved. The percentage of approval being 71% of total requests.
- The \$5.6 million in contribution assistance leveraged an additional \$6.0 million in equity investment.
- The average amount of an approved application was \$13,396.
- Seventeen (17) of the contributions were approved for \$50,000 or more.

Figure 1 - Distribution of BDF Contributions by Amount

(Average contribution amount was \$13,396.)

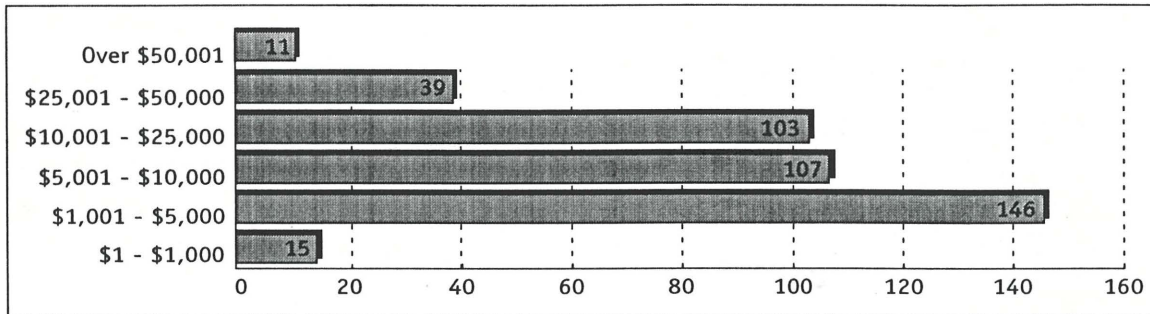
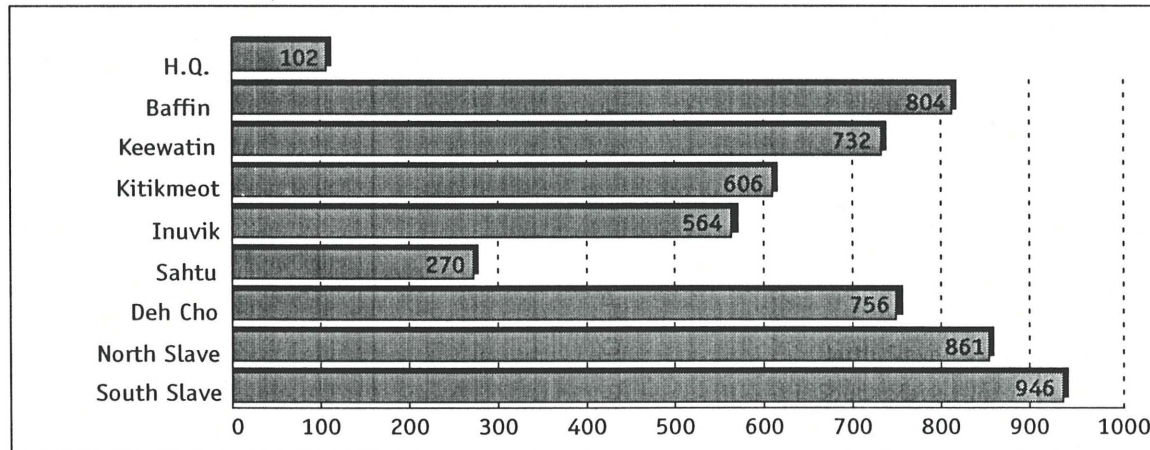


Figure 2 - Value of Contributions by Region

For the purposes of administration, the Department of Resources, Wildlife and Economic Development categorizes its contributions into nine distinct districts.



Impact on Community Groups

One objective of the Business Development Fund is to encourage increased development and investment in less developed communities. It does this largely by reducing the equity requirements for applicants in levels II and III communities.

Table 2 - Community Groupings

Level I	Level II	Level III
Yellowknife	Iqaluit	All Other Communities
Hay River	Fort Simpson	
Inuvik	Norman Wells	
Fort Smith	Rankin Inlet	
	Cambridge Bay	
	Rae-Edzo	

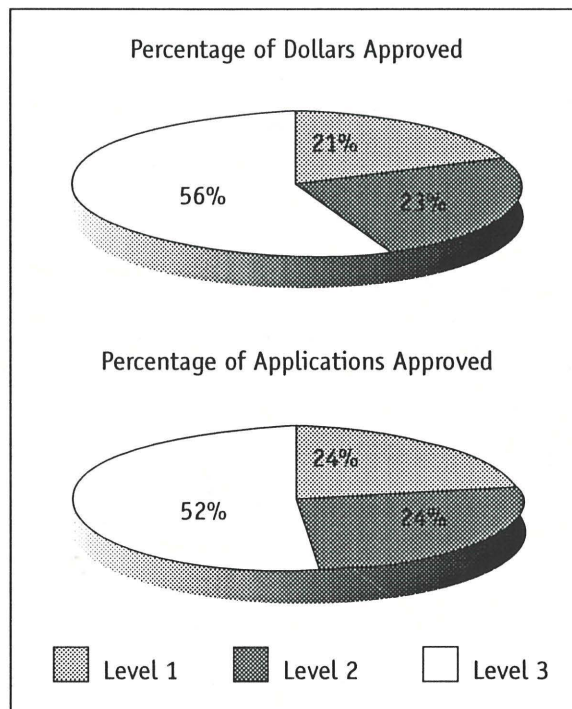
As shown in Table 3 and Figure 3 (previous page), contributions are distributed evenly among community levels. There were more applications and approved dollars going to level III communities.

Additional information on the impact of BDF funding at the community level is outlined in Table 3.

Table 3 - Distribution of BDF Funding by Community Level

Level	# Approved	\$ Approved	\$ Equity Invested
Level I	103	1,203,363	3,252,603
Level II	101	1,277,859	919,887
Level III	217	3,158,455	1,807,015
Total	421	\$5,639,677	\$5,979,504

Figure 3 - Value of Contributions and Applications Approved by Community Level



Contributions by Type of Business

The Department of Resources, Wildlife and Economic Development tracks contributions by the Standard Industrial Code of Canada.

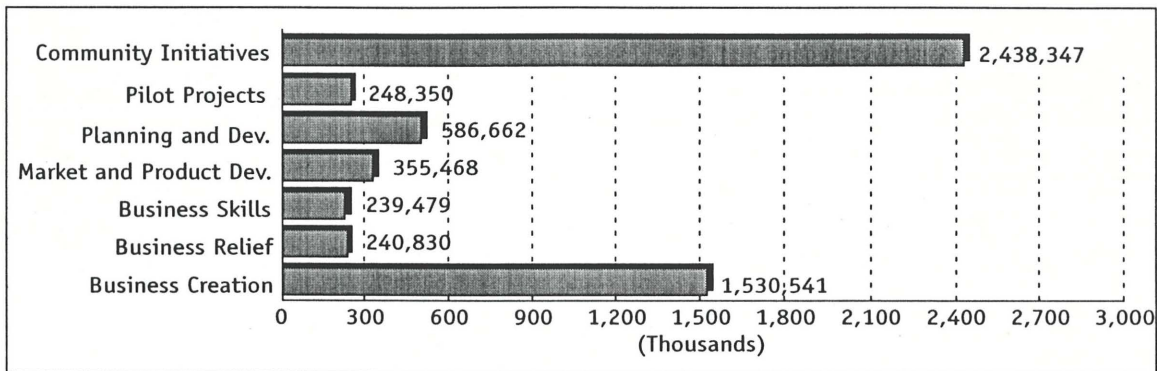
Table 4 - Value of Approved Contributions by Standard Industrial Code of Canada

Code	Division Name	Amount
A	Agricultural and Related Service Industries	\$ 56,900
B	Fishing and Trapping Industries	\$ 248,065
C	Logging and Forestry	\$ 90,760
D	Mining (including Milling), Quarrying and Oil Well Industries	\$ 169,520
E	Manufacturing Industries	\$ 215,651
F	Construction Industries	\$ 429,906
G	Transportation and Storage Industries	\$ 383,605
H	Communication and other Utility Industries	\$ 139,339
I	Wholesale Trade Industries	\$ 62,100
J	Retail Trade Industries	\$ 455,025
K	Finance and Insurance Industries	\$ 131,919
L	Real Estate Operator and Insurance Agent Industries	\$ 240,700
M	Business Service Industries	\$ 636,761
N	Government Service Industries	\$ 402,063
O	Educational Service Industries	\$ 80,185
P	Health and Social Service Industries	\$ 19,700
Q	Accommodation, Food and Beverage Service Industries	\$ 647,605
R	Other Service Industries	\$ 1,229,873
	Total	\$5,639,677

Assistance by Type of Program

The Business Development Fund has been designed to assist businesses through the various stages of their development. Assistance is available to help plan a business start-up, develop business skills, secure investment and develop new markets and products. These programs apply to all businesses in every sector of the economy.

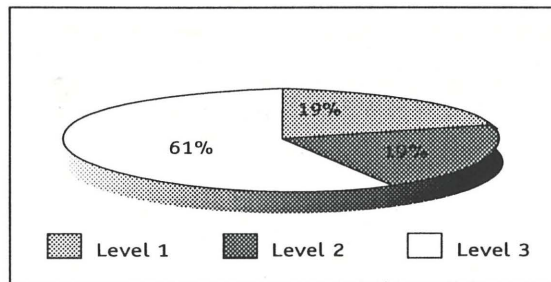
Figure 4 - Assistance Provided by Type of Program in Dollars



Assistance to Aboriginal Businesses

During 1996/97 the Business Development Fund assisted 346 aboriginal businesses with more than 50% aboriginal ownership. Total contribution assistance provided to these businesses was \$4.9 million or 87% of total funds. The regional distribution of assistance to aboriginal owned and controlled businesses is shown in Table 5 and Figure 6. Figure 5 shows contribution assistance provided to aboriginal businesses distributed by community group or level.

Figure 5 - Distribution by Community Level



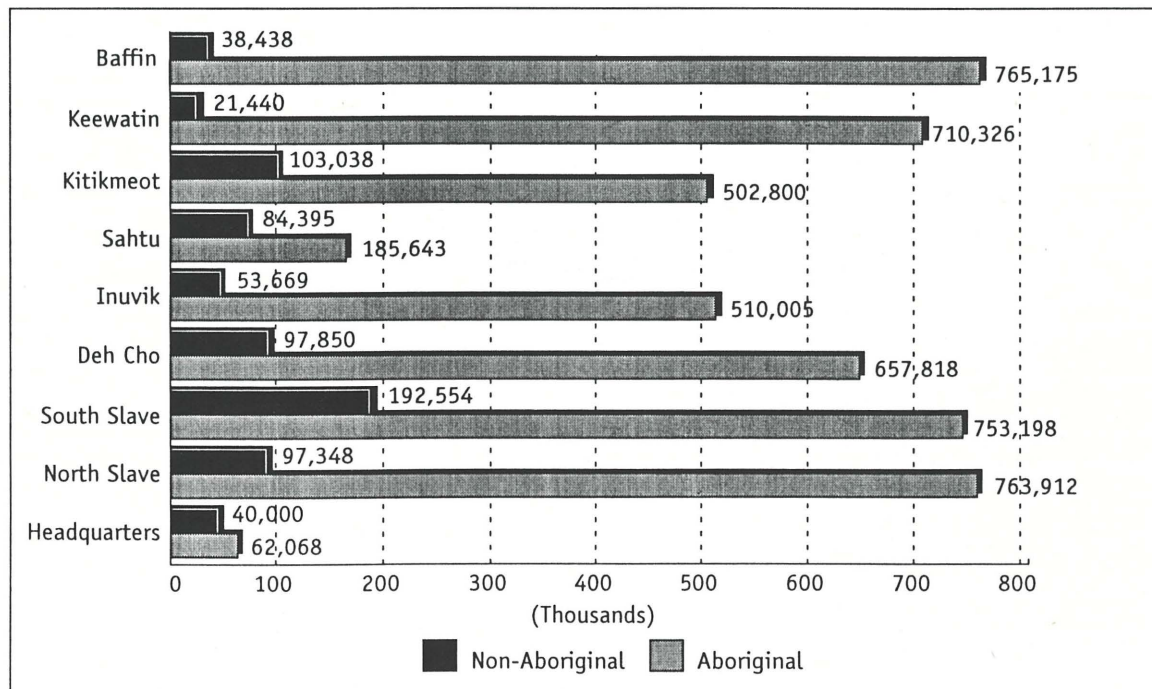
Distribution of Contribution Approvals by Aboriginal and Non-Aboriginal Businesses

These charts summarize the total value of assistance approved by each region, broken into aboriginal and non-aboriginal business categories. Aboriginal businesses are defined as those businesses having more than 50% aboriginal ownership.

Table 5 - Distribution of Contribution Approved

Region	Aboriginal	Non-Aboriginal	Total Contribution	Aboriginal as a % of Total Contribution
Headquarters	62,068	40,000	102,068	61%
North Slave	763,912	97,348	861,260	89%
South Slave	753,198	192,554	945,752	80%
Deh Cho	657,818	97,850	755,668	87%
Inuvik	510,005	53,669	563,674	90%
Sahtu	185,643	84,395	270,038	69%
Kitikmeot	502,800	103,038	605,838	83%
Keewatin	710,326	21,440	731,766	97%
Baffin	765,175	38,438	803,613	95%
Total	\$4,910,946	\$728,732	\$5,639,677	87%

Figure 6 - Distribution of Contribution Approvals from Table 5



The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses and income. The document provides a detailed explanation of how to categorize these transactions correctly, ensuring they are recorded in the appropriate accounts.

The second part of the document focuses on the process of reconciling the bank statements with the company's records. It outlines the steps involved in identifying discrepancies and resolving them. This process is crucial for detecting errors and preventing fraud. The document provides a clear guide on how to perform a bank reconciliation, including the use of a reconciliation statement to compare the two sets of records.

The third part of the document discusses the preparation of financial statements. It explains the different types of statements, such as the balance sheet, income statement, and cash flow statement, and how they are derived from the accounting records. The document provides a step-by-step guide on how to prepare these statements, ensuring they are accurate and comply with the relevant accounting standards.

The fourth part of the document discusses the importance of internal controls. It explains how a strong system of internal controls can help prevent errors and fraud, and ensure the accuracy of the financial statements. The document provides a list of key internal control procedures that should be implemented in any business, such as segregation of duties and regular audits.

The fifth part of the document discusses the role of the accountant in the business. It explains how the accountant provides valuable information to the management, such as the current financial position and the performance of the business. The document provides a list of key responsibilities of the accountant, such as maintaining the books of accounts and preparing financial statements.

