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***Business Credit Corporation - 1994 Annual
Report***

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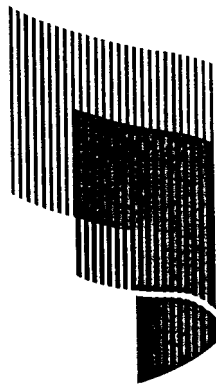
***Author: Northwest Territories Business
Credit Corporation***

Catalogue Number: 9-5-156

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Business Credit Corporation

1994 Annual Report



Northwest Territories
Business Credit corporation

The Business Credit Corporation is a crown corporation responsible for encouraging business development and growth throughout the NWT.

INTRODUCTION

The NWT Business Credit Corporation (**BCC**) is the successor to the Business Loans & Guarantees Fund.

The BCC Act was proclaimed on October 1, 1991 and the BCC commenced its operations at that time. All lending activity after October 1st was carried out by the BCC.

BCC 1993/94 BOARD OF DIRECTORS

M. King	Chairperson	Hay River
A. Woodhouse	Vice Chairperson	Iqaluit
M. Kalluak	Director	Arviat
A. Chang	Director	Yellowknife
A. Zubko	Director	Yellowknife
A. Barr	Director	Rankin Inlet
J. Schaeffer	Director	Fort Smith
F. Carmichael	Director	Inuvik
K. Peterson	Director	Cambridge Bay

EQUAL REPRESENTATION

Directors of the BCC represent a variety of businesses from all regions of the NWT. All are from the private sector.

All directors are long term territorial residents and have made valuable contributions to their community and the territorial economy.

NWT BUSINESS CREDIT CORPORATION

The NWT Business Credit Corporation is designed to provide a lending institution which is more responsive to its clients and is less bound by the restrictions of normal government operations.

In particular, legislation provides for a Board of Directors of between seven and twelve people, regional loan boards, and the authority to provide loans, bonds, guarantees and indemnities.

HISTORICAL HIGHLIGHTS

- 1970 *The Small Business Loans Fund was created by **Indian and Northern Affairs Canada**, to provide **financing** to those businesses and **individuals** unable to obtain reasonable **commercial** debt financing from **conventional** lenders.*
- 1977 *The Small Business Loans Fund was **transferred** to the Government of the Northwest Territories. The scope of the Fund was expanded to allow the **provision** of loan guarantees and loan and guarantee limits were increased to \$500,000 from \$50,000.*
- 1982 *The Business Loans and Guarantees Fund was opened to all **qualifying** territorial businesses and the word "Small" was removed from the Fund's title. Previously, businesses whose gross revenues **exceeded \$1** million were ineligible.*
- 1985 *The Fund **provided contract** security to businesses unable to obtain the bonding required to **participate** in NWT Housing Coloration construction projects.*
- * 1986 *The Fund's **capitalization** was increased to \$16 million.*
- * 1989 *The **Fund's capitalization** was increased to \$20 million.*
- * 1991 *The **BCC Act** was proclaimed and the Corporation commenced operations. Loan and guarantee limits were raised to \$1 million.*
- * 1992 *The assets of the Business Loans and Guarantees Fund were transferred to the BCC.*
- * 1993 *The BCC is included in a review of Department of Economic Development & Tourism in connection **with** reorganization of the **Department** and the Business Credit Corporation.*
- * 1994 *In **accordance with** the suggestions incorporated in the above review, BCC staff is increased to provide a greater degree of independence and improved **service** to clients.*

HISTORICAL HIGHLIGHTS (CONT'D)

Lending authority, to a maximum of \$200,000, is delegated to Regional Superintendents of Department of **Economic** Development & Tourism. This is designed to provide quicker turn-around time for the majority of BCC loan applications.

Operational Procedures are formulated by BCC, in consultation with the Department of Economic Development & Tourism, to provide guidance and **support** to Regional Superintendents and ensure conformity with prudent lending practices, at the same time acting in accordance with Ministerial Directives and the objectives of the BCC.

The objectives of the BCC are to:

- stimulate economic development;
- encourage business growth; and
- increase employment.

The BCC's current Fund limit is \$22 million. This limit can be extended as far as \$50 million under the **existing** legislation, upon approval of the Financial Management Board.

LENDING PARAMETERS

<i>Maximum loan and liability for any one business</i>	<i>\$1.0 million</i>
<i>Maximum amount for any one business loan, bond guarantee or indemnity</i>	<i>\$1.0 million</i>
<i>Maximum loan term</i>	<i>5 years</i>
<i>Maximum loan amortization</i>	<i>25 years</i>
<i>Interest rate</i>	<i>2% over CIBC's prime lending rate set quarterly</i>

LENDING ACTIVITY. . . . During the 1993/94 fiscal year, the BCC examined a total of 64 loans with an aggregate value of \$12.0 million. Of the applications submitted, 46 (72%) were approved for a total value of \$9.5 million (79%).

Loan applications were received from all seven regions, as detailed in Table 1. A regional analysis of the loans approved is provided in Table 2.

Approximately 73% of the loan applications received were for loans of \$200,000 or less. Sixty-eight percent of these were approved representing 70% of the value. Table 3 provides an analysis of the number of loan applications submitted and approved according to the size of the loan. Table 4 provides a similar analysis of the value of the applications.

**TABLE 1
LOAN APPLICATIONS SUBMITTED BY REGION**

	No. of Applications	\$000's
Fort Smith	20	3,214
North Slave	16	3,896
Deh Cho	3	775
Inuvik	5	763
Baffin	7	1,171
Keewatin	8	2,050
Kitikmeet	5	98
TOTAL	64	11,967

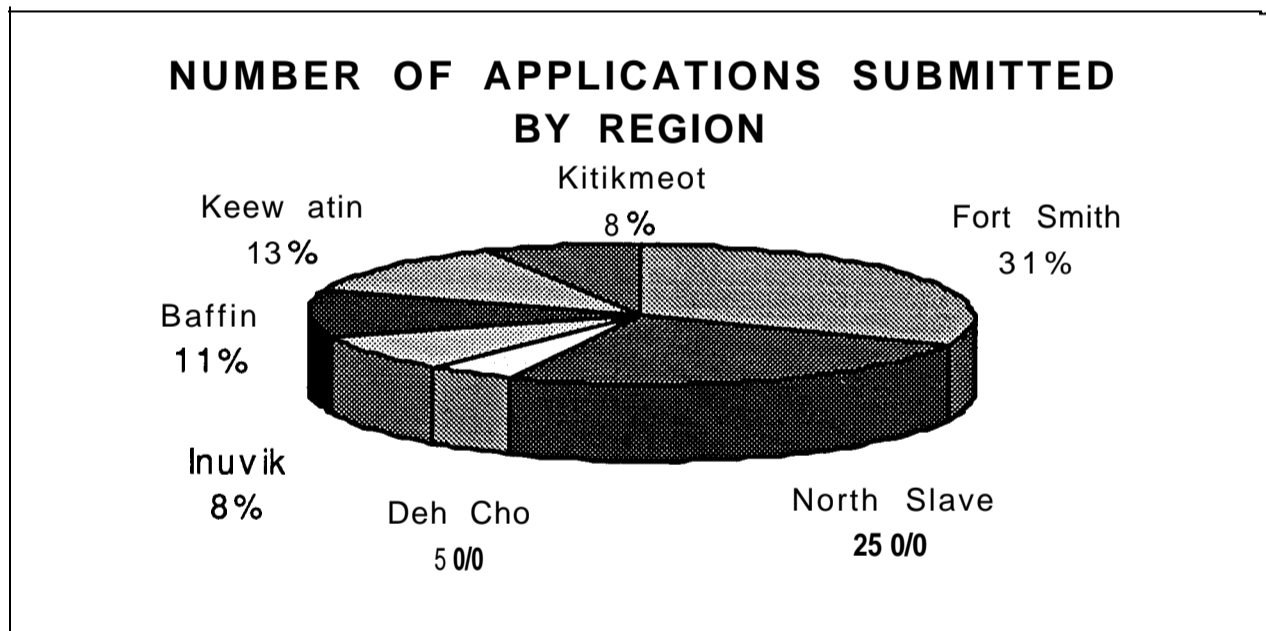


TABLE 1

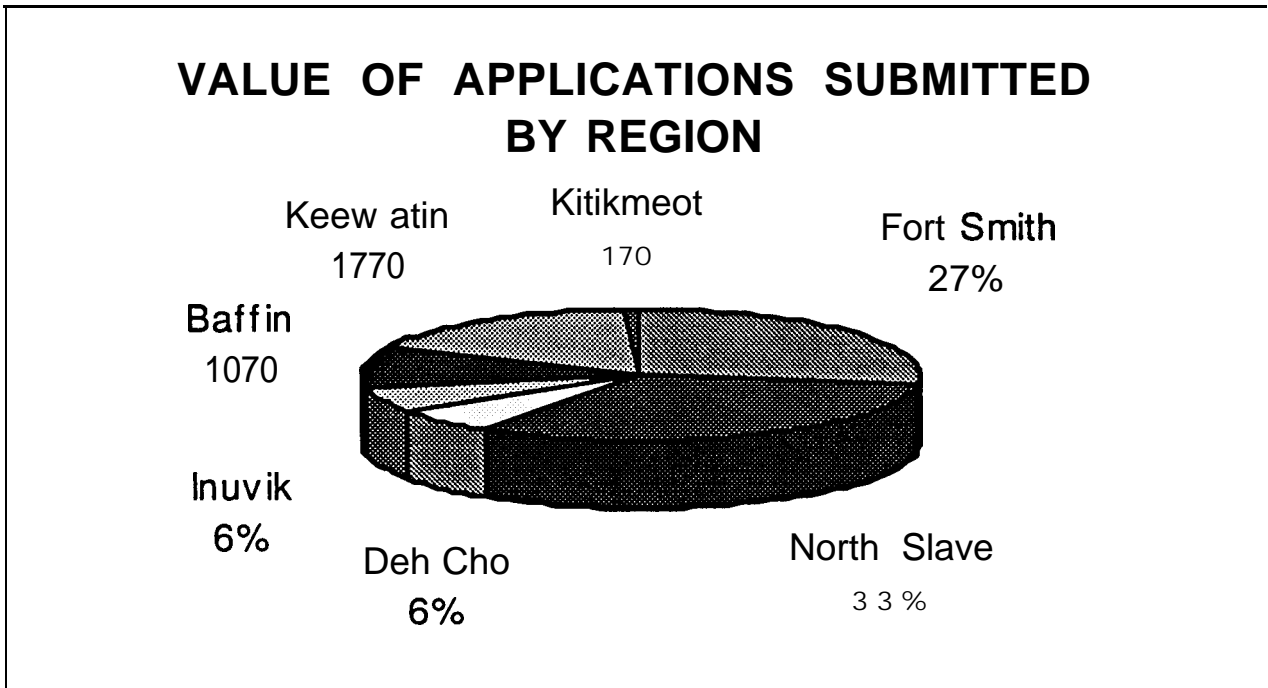
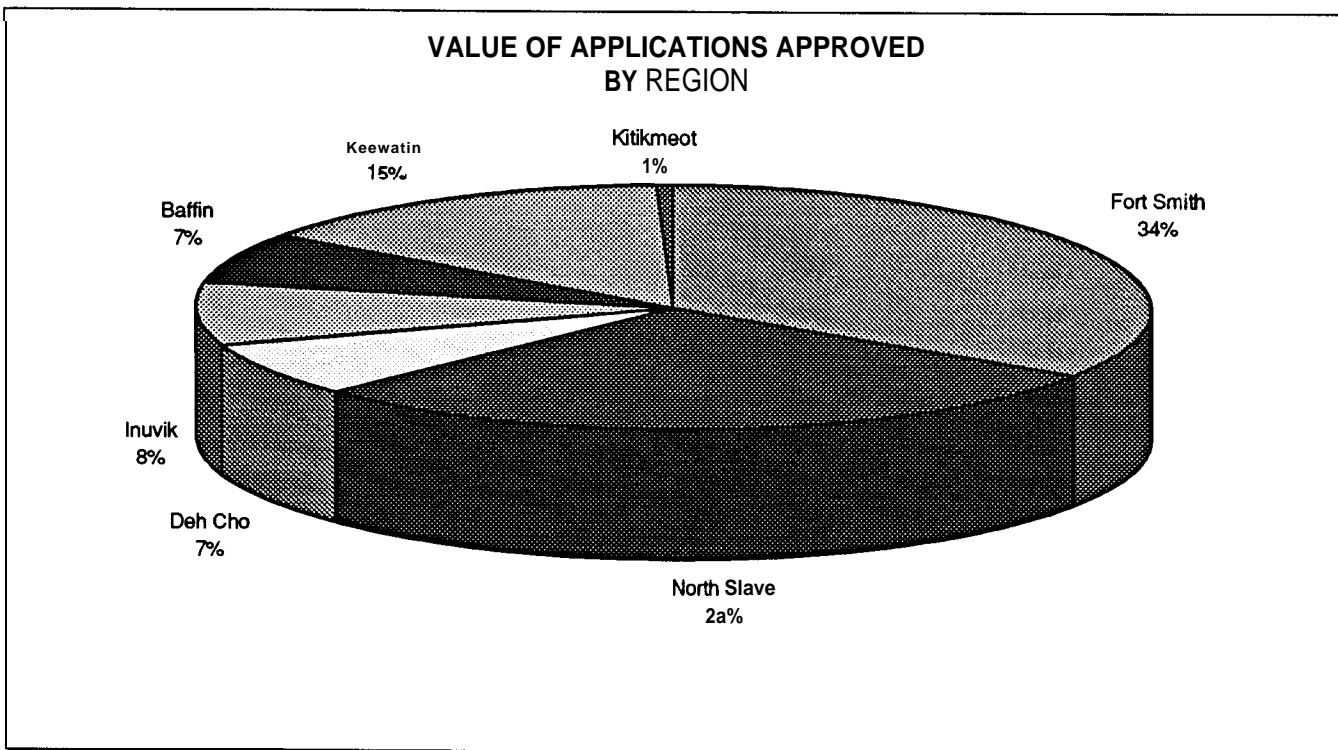
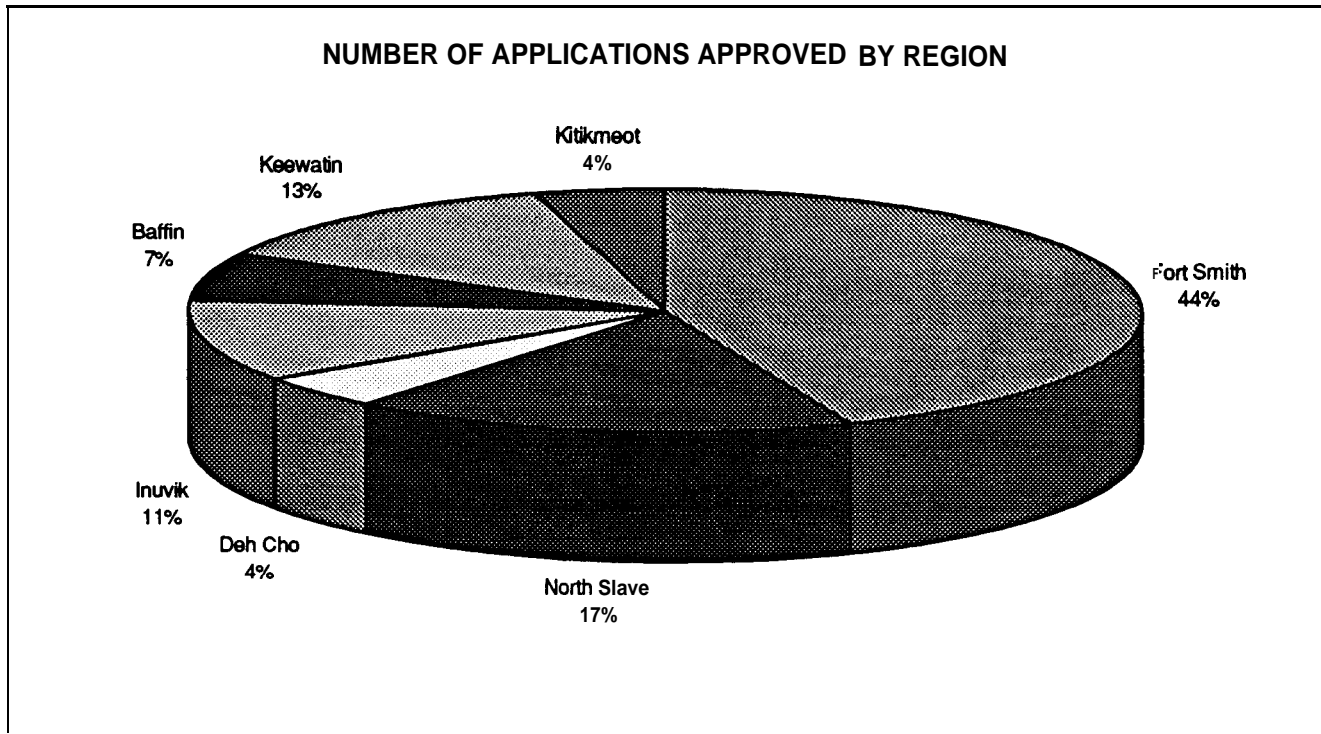


TABLE 2
LOAN APPLICATIONS APPROVED BY REGION

	No. of Applications	\$000' s
Forth Smith	20	3,214
North Slave	8	2,681
Deh Cho	2	691
Inuvik	5	763
Baffin	3	631
Keewatin	6	1,475
Kitikmeot	?	40
TOTAL	46	9,495

TABLE 2



**TABLE 3
RANGE OF NUMBERS OF APPLICATIONS SUBMITTED AND APPROVED**

Range	No. of Applications Submitted	No. of Applications Approved
0 - 50	15	9
50 - 100	12	9
100 - 200	20	14
200 - 500	14	11
500 - 1,000	3	3
TOTAL	64	46

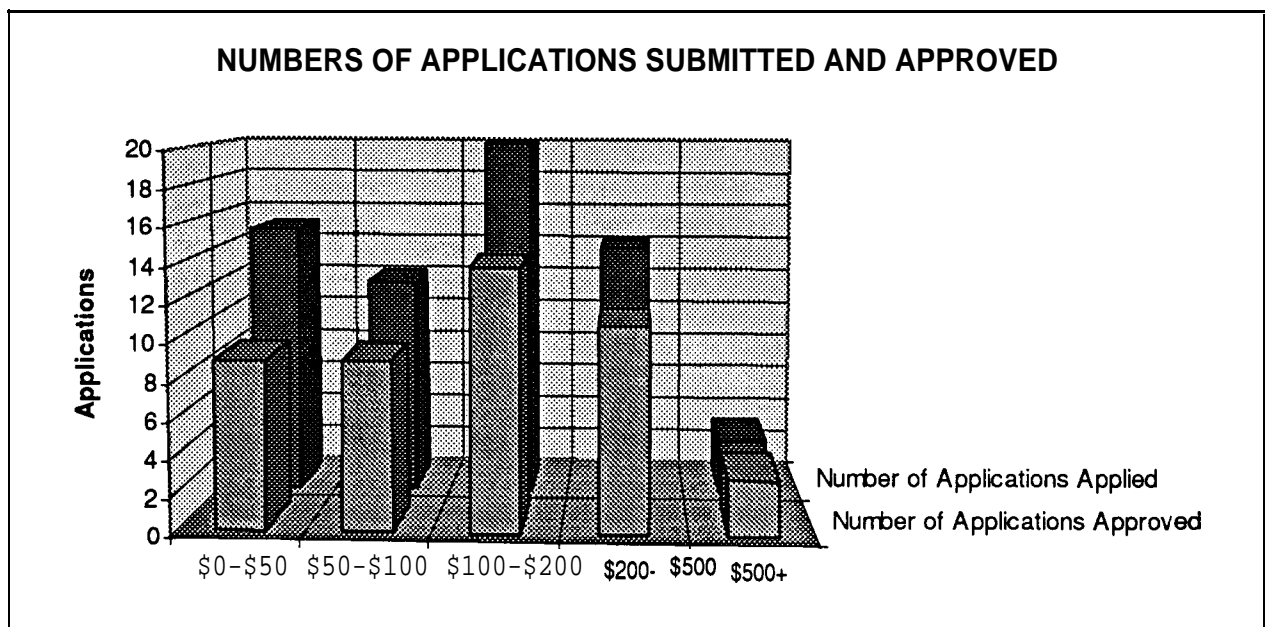
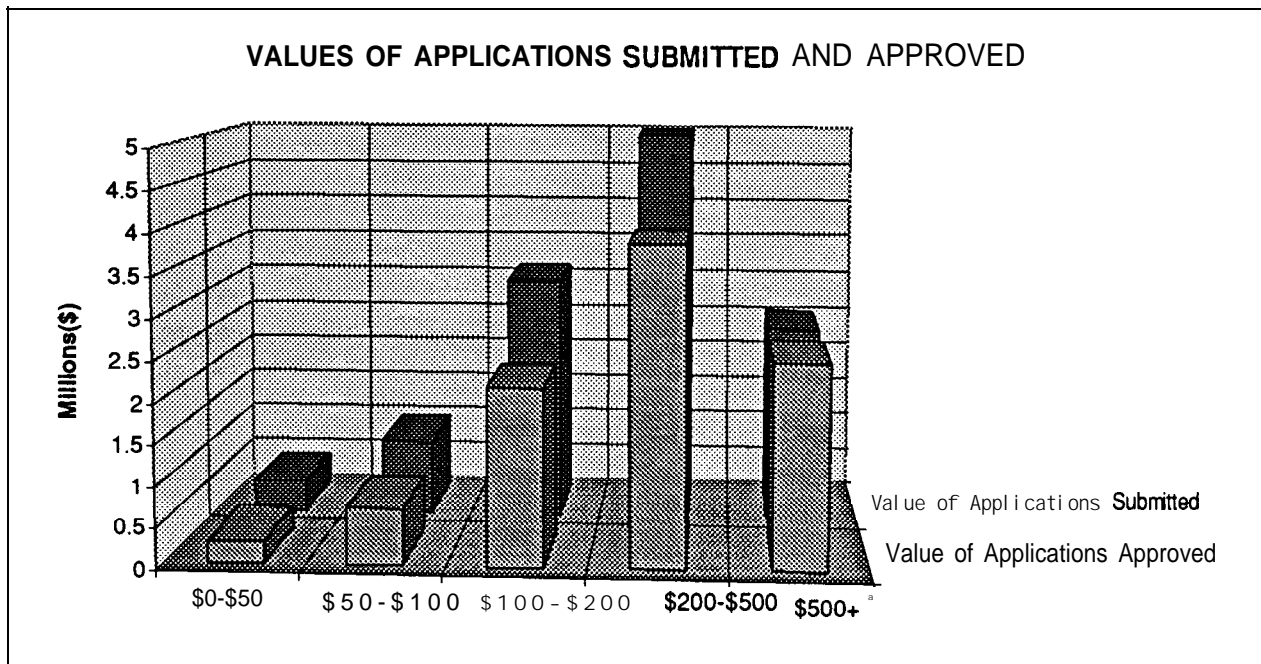


TABLE 4
 RANGE OF VALUES OF APPLICATIONS SUBMITTED AND APPROVED

Range	Amount \$000's Submitted	Amount \$000's Approved
0 - 50	399	261
50 - 100	959	681
100 - 200	3,109	2,168
200 - 500	4,999	3,884
500-1,000	2,501	2,501
TOTAL	11,967	9,495



FINANCIAL STATEMENTS The audited financial statements of the Corporation are shown in Appendix A. These statements reflect the operations for the year ended March 31, 1994

PROVISION FOR LOSSES ON LOANS. . . . During the 1993/94 year, the BCC made provisions **totalling** \$313 thousand for losses on loans.

Provisions represent the **BCC's** best estimate of probable losses on loans at the end of the year.

WRITE OFFS During the **current** year, loan accounts **totalling** \$2.3 million were approved for write off. **According** to the **Financial** Administration Act which the **BCC** adheres to, its **Board** of Directors may approve the write offs of loan accounts whose outstanding **balance is \$20,000 or less. Loan accounts that exceed \$20,000** must be approved by the LegNative Assembly.

A schedule of the approved write offs is shown in Appendix B.

APPENDIX A

Report on the audit of the
accounts and financial statements of the

**NORTHWEST TERRITORIES
BUSINESS CREDIT CORPORATION**

for the year ended March 31, 1994

FINANCIAL STATEMENTS

MARCH 31, 1994

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NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

Management's Responsibility for Financial Reporting

The Corporation maintains internal financial and management systems and practices which are designed to provide **reasonable** assurance that **reliable** financial and **non-financial information is available on a** timely basis, that **assets** are acquired **prudently**, are used to **further the Corporation's aims**, and are protected from **loss**.

The **accompanying financial** statements of the Corporation were prepared by **Management in accordance with generally accepted** accounting principles as described **in the notes to the financial statements**. When alternative accounting methods exist, management has chosen those it deems most appropriate **in** the circumstances. Financial statements are not precise since they **normally include** amounts requiring **estimates**, which have **been** made based upon Informed judgment as to the expected **results** of current **transactions and events**. **Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.**

The **Northwest Territories Business** Credit Corporation is subject to the **NWT Business Credit Corporation Act and the Financial Administration Act**. The Corporation **also receives** Ministerial Directives to **establish operational procedures and significant accounting policies**. **Management recognizes its responsibility for conducting the Corporation's affairs in accordance with** the requirements of **applicable** legislation and for maintaining standards of **conduct** that are appropriate to a Territorial Crown Corporation.

In discharging its **responsibilities** for the integrity, fairness and quality of the **financial statements and for** the accounting systems from which they are derived, management maintains a system of **internal controls** designed to **provide** reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Board of Directors, through the **Audit** Sub-Committee which is **comprised** of Directors who are not employees of the Corporation, is **responsible** for reviewing and approving the audited annual **financial** statements and oversees the management's responsibilities for financial reporting. The external auditors have full and free **access** to the Audit **Sub-Committee**.

The independent auditor, the Auditor General of Canada, is responsible for auditing the **financial** statements and for issuing his report thereon. He provides an independent, objective audit for the purpose of expressing his opinion on the financial statements. He **also considers whether the** transactions that come to his notice in the course of this audit are, in all significant **aspects**, in accordance **with** the specified legislation.



Afzal Curimbhoy,
Chief Executive Officer.

April 29, 1994



AUDITOR GENERAL OF CANADA

VERIFICATEUR GENERAL DU CANADA

AUDITOR'S REPORT

To the Minister responsible for the
Northwest Territories Business Credit Corporation

I have audited the balance sheet of the Northwest Territories Business Credit Corporation as at March 31, 1994 and the statements of operations and deficit and changes in financial position 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.

I conducted my audit in accordance with 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.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, 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, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act and regulations, the Northwest Territories Business Credit Corporation Act and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 29, 1994

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

BALANCE SHEET

MARCH 31, 1994
(Thousands of Dollars)

ASSETS	<u>1994</u>	<u>1993</u>
Loans Receivable (Note 3)	\$ 17,984	\$ 18,381
Accrued Interest Receivable	332	888
	<u>18,316</u>	<u>19,049</u>
Less: Allowance for Losses on Loans	5,307	7,300
	<u>13,009</u>	11,749
Accounts Receivable	8	10
Capital Assets (Note 4)	22	.
	<u><u>s 13,039</u></u>	<u><u>\$ 11,759</u></u>

LIABILITIES


Accounts Payable	s 41	\$ 33
Working Capital Advance from the Government of the Northwest Territories (Note 5)	<u>15,623</u>	<u>14,244</u>
	<u>15,664</u>	<u>14,277</u>

DEFICIT


Deficit	(2,625)	(2,518)
	<u><u>s 13,039</u></u>	<u><u>s 11,759</u></u>

Statutory Limit and Commitments (Note 6)

APPROVED:



Chairperson of the Board of Directors



Chief Executive Officer

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF OPERATIONS AND DEFICIT

For the Year Ended March 31, 1994

(Thousands of Dollars)

	<u>1994</u>	<u>1993</u>
LOANS		
Interest Income on Loans Receivable	\$ 1,054	\$ 1,250
Interest Expense on Loans Payable	<u>845</u>	<u>1,034</u>
Net Interest Income	209	216
Provision for Losses on Loans (Note 3)	<u>(31 3)</u>	<u>(2,339)</u>
Net Interest Income after Provision for Losses on Loans	(1 04)	(2,123)
Other Income	<u>42</u>	<u> </u>
Net Losses on Loans	<u>(62)</u>	<u>(2,1 23)</u>
ADMINISTRATIVE EXPENSES		
Salaries and Benefits	430	232
Board Meetings (Note 7)	103	63
Computer Services	65	78
Professional Fees	57	25
office	21	7
Communications	13	11
Publications	9	12
Amortization	<u>2</u>	<u> </u>
	700	428
Less: Operating Contribution - Government of the Northwest Territories	<u>655</u>	<u>405</u>
Net Administrative Expenses	<u>(45)</u>	<u>(23)</u>
NET LOSS FOR THE YEAR	<u>(1 07)</u>	<u>(2,1 46)</u>
DEFICIT AT BEGINNING OF THE YEAR	<u>(2,518)</u>	<u>(372)</u>
DEFICIT AT END OF THE YEAR	<u>\$ (2,625)</u>	<u>\$ (2,518)</u>

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31,1994
(Thousands of Dollars)

	<u>1994</u>	<u>1993</u>
OPERATING ACTIVITIES		
Net Loss for the Year	\$ (107)	\$ (2,146)
Items Not Affecting Working Capital Advance from the GNWT		
Provision for Losses on Loans	313	2,339
Amortization	2	
	<u>208</u>	<u>193</u>
 Changes in Working Capital		
Change in Accrued Interest Receivable	336	(643)
Accrued Interest Write-off	(214)	
Accounts Receivable	2	(5)
Accounts Payable	8	28
	<u>340</u>	<u>(427)</u>
 Cash Generated by (Used by) Operating Activities		
INVESTING ACTIVITIES		
Loans Receivable Disbursed	(4,648)	(5,082)
Loans Receivable Repaid	2,953	3,866
Loans Portfolio Transferred from the GNWT		(11,010)
Purchase of Capital Assets	(24)	
	<u>(1,719)</u>	<u>(12,226)</u>
 Cash Used by Investing Activities		
 Increase in Working Capital Advance from the GNWT	<u>1,379</u>	<u>12,653</u>
 Working Capital Advance at Beginning of the Year	<u>14,244</u>	<u>1,591</u>
 Working Capital Advance at End of the Year	<u>\$ 15,623</u>	<u>\$ 14,244</u>

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1994

1. AUTHORITY, OBJECTIVE AND OPERATION

The Corporation operates under the authority of the Northwest Territories Business Credit Corporation Act, which came into effect October 1, 1991. The Corporation is also subject to the Northwest Territories Financial Administration Act and is an agent Crown corporation of the Government of the Northwest Territories.

The Corporation's objective is to stimulate economic development and employment in the Northwest Territories, by making loans to business enterprises, guaranteeing loans made by financial institutions to business, providing bonds to resident business enterprises and indemnifying bonding companies which have provided bonds to resident business enterprises. In addition, the Corporation is responsible for making business development loans to Northern businesses to create economic development opportunities in communities where conventional lending institutions are not prepared to participate, and its role, therefore, is a blend of being a last resort lender and a developmental agency for higher risk entrepreneurial ventures.

Receipts are deposited in and disbursements are paid from the Consolidated Revenue Fund of the Government of the Northwest Territories.

Economic dependency

The Corporation is economically dependent upon the Government of the Northwest Territories' continuing contributions for operations and loans.

2. SIGNIFICANT ACCOUNTING POLICIES

Allowance for losses on loans

The allowance for losses on loans represents management's best estimate of probable losses on loans at the end of the fiscal year. The allowance has a specific component and a general component.

The specific component is that provision which is determined based on a loan-by-loan review to determine under-secured loans. Specific provisions are established for individual loans where circumstances indicate that the loan has deteriorated to the extent that the Corporation does not have reasonable assurance of ultimate collection of principal and interest, and to value these loans at the lower of their recorded balance or the net realizable value of the underlying security for the loans.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1994

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Allowance for losses on loans (cont'd)

The **general component** is that provision which is established at five percent (**5%**) of loans receivable, net of the specific provision. This is prudential in nature and therefore established to provide for losses on loans which cannot yet be identified on a loan-by-loan basis, and to absorb losses attributable to the deterioration of quality of **loans** receivable on an aggregate exposure in a particular industry or geographical region.

Interest revenue recognition

Interest is accrued on loan principal receivable and recorded as income until such time as the loan **becomes** non-performing. When a loan is initially classified as **non-performing, uncollected interest recognized** in the year is reversed against interest **income** and, where necessary, uncollected interest recognized in previous years is provided for in the **allowance** for loan losses.

Subsequent payments are recorded as interest income **after** any prior write-off has been recovered and if management has determined that a specific provision is not required, otherwise they are recorded as a reduction of principal.

Non-performing is defined as any loan where an allowance for losses is determined to be necessary when:

- a) principal or interest is six months past due, **unless** the loan is well secured, or
- b) when circumstances indicate that a loan is impaired and there is doubt as to the ultimate collectibility of principal or interest within a reasonable period of time, or
- c) the loan has **been** previously restructured and principal or interest is three months past due, or
- d) principal or interest is twelve (12) months past due regardless of whether or not the loan is well secured.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1994

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets

Capital assets are **recorded** at rest. Amortization is calculated on a straight line basis over the estimated **useful** life of the assets as follows:

Computers	3 years
Furniture and Equipment	4 years

Operating Contribution

Under the terms of an operating agreement between the Corporation and the Government of the Northwest Territories, direct administrative expenses paid by the Government are **recorded** by the Corporation as an operating contribution from the Government of the Northwest Territories. Indirect **costs** covered by the Government of the Northwest Territories are not **recorded**.

Direct administrative expenses paid by the Government include salaries and benefits, board meetings, **computer services**, professional fees, office, **communications** and publications; and exclude the provision for losses on loans and interest expense. The operating **contribution** is recorded in operations.

Services provided without charge

The Corporation does not record the value of capital assets or services provided by the Government of the Northwest Territories without charge. Services provided by the Government include accounting support, regional, legal and **personnel** services as well as **office accommodation**. Furthermore, the Corporation receives audit services without charge from the Office of the Auditor General of Canada.

Pension contributions

The Corporation and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are **recognized** in the accounts on a current basis.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1994

3. LOANS RECEIVABLE

Loans and allowance for losses on loans

	Range of Annual Interest Rates		Principal Balance	
	March 31 1994	March 31 1993	March 31 1994	March 31 1993
			(000s)	
Baffin	7.50- 15.75%	9.00-15.75%	\$ 2,235	\$ 2,250
Deh Cho	7.75 -16.25%	9.00-16.25%	2,450	3,039
Fort Smith	7.50- 15.75%	9.00- 15.75%	3,798	2,152
Inuvik	7.50-10.75%	9.00-11.7570	1,564	2,112
Keewatin	7.50-16.25%	9.00-16.25%	1,330	2,034
Kitikmeot	8.00- 10.25%	9.00-15.5070	828	850
North Slave	7.50-16.25%	8.00-16.25%	<u>5,779</u>	<u>5,944</u>
Gross Loans Receivable			17,984	18,381
Accrued Interest			<u>332</u>	<u>668</u>
			<u>18,316</u>	<u>19,049</u>
Less Allowance for Losses on Loans:				
Specific			(4,627)	(6,690)
General			(680)	(610)
			<u>(5,307)</u>	<u>(7,300)</u>
Loans Receivable Net of Allowance for Losses on Loans			<u>\$ 13,009</u>	<u>\$ 11,749</u>

Included in the accrued interest receivable of \$332,000 is an amount of \$234,000 (1993: \$491,000) that has been provided for in the allowance for losses on loans

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1994

3. LOANS RECEIVABLE (CONT'D)

Provision for losses on loans

	<u>1994</u>	<u>1993</u>
	(000s)	
Specific Provision	\$242	\$1,730
General Provision	<u>7 1</u>	<u>6 0 9</u>
Total Provision	<u>\$ 313</u>	<u>\$ 2,339</u>

Write-offs

Under the provision of the Northwest Territories Financial Administration Act, loans written off must be approved by either the Legislative Assembly or the Board of Directors. Loans whose **outstanding principal and interest balances** that **exceed** \$20 thousand **are approved by** the Legislative Assembly and those with balances of \$20 thousand or less are approved for write-off by the Board of Directors. Loans written off are still subject to collection action.

Seventy loans **comprising** of forty-five borrowers, were written off by the Legislative Assembly and the Board of Directors in 1994 for a total amount of \$2,305,000. No loans were written off in previous years by the Corporation.

4. CAPITAL ASSETS

The Corporation purchased capital assets in the 1993-94 fiscal year. No purchases were made in previous years.

	<u>Cost</u>	Accumulated <u>Amortization</u> (000s)	<u>Net Book Value</u>
Computers	\$14	\$ 2	\$ 12
Furniture and Equipment	<u>10</u>	-	<u>10</u>
	<u>\$24</u>	<u>\$ 2</u>	<u>\$ 22</u>

NORTHWEST TERRITORIES BUSINESS **CREDIT** CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1994

5. WORKING CAPITAL ADVANCE **FROM** THE GOVERNMENT OF NORTHWEST TERRITORIES

The **Corporation** is required to establish a **fund** as stipulated by the Northwest Territories Business Credit Corporation Act to **process the financial** activity of the Corporation. Pending formal establishment thereof, funding is made available through a working capital advance from the Government of the Northwest Territories. The balance of the working capital advance fluctuates based on the need of the Corporation, but is not to exceed \$22 million, as approved by the Financial Management Board.

Interest is calculated at a rate of selected Government of Canada 3 year Bond Rates at the end of the month. The rates are applied to the working capital advance outstanding at the end of the month, compounded annually.

	<u>1994</u>	<u>1993</u>
	(000s)	
Working capital advance	\$14,778	\$13,210
Accrued interest payable	<u>845</u>	<u>1,034</u>
	<u>\$ 15,623</u>	<u>\$14,244</u>

6. STATUTORY LIMIT AND COMMITMENTS

The Northwest Territories Business Credit Corporation Act allows the Corporation to have outstanding loans, guarantees, bonds, and bond indemnities to borrowers up to \$50 million. The Corporation has received authorization from the Financial Management Board for a working capital advance of \$22 million, of which \$2 million was approved in the current year.

The free balance position against this limit, determined in **accordance** with the requirements of the Act, is \$1,613,000 which is summarized as follows:

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1994

6. STATUTORY LIMIT AND COMMITMENTS (CONT'D)

	<u>1994</u>	<u>1993</u>
	(000s)	
Working capital advance - authorized limit	<u>\$22,000</u>	<u>\$20,000</u>
Loan principal receivable	17,984	18,381
Loan principal written-off during the year	2,091	.
Less: Allowance for doubtful accounts Business Loan Guarantees Fund accounts transferred on April 1, 1992	<u>4,337</u>	<u>4,337</u>
	15,738	14,044
Add: Commitments and guarantees	<u>4,649</u>	<u>2,226</u>
	<u>20,387</u>	<u>16,270</u>
Free balance	<u>\$ 1,613</u>	<u>\$ 3,730</u>

Commitments are approved credit facilities not yet disbursed by the Corporation.

Bonds and bond indemnities (**contract** security loans) are presently represented in the form of actual loans and are held in trust by the client's solicitor until the credit facility is no longer required or has expired.

7. BOARD MEETINGS

Board meeting expenses have been **fully** allocated to the Corporation. In 1993-94, the Board of Directors had 7 regular board meetings and 1 telephone poll meeting. In 1992-93, the Board had 5 regular board meetings and 7 telephone poll **meetings**. The following costs were incurred:

	<u>1994</u>	<u>1993</u>
	(000s)	
Travel	\$ 37	\$ 23
Honoraria	39	23
Per Diem	22	14
Other Expenses	- 5	- 3
	<u>\$103</u>	<u>\$ 63</u>

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1994

8. SERVICES PROVIDED WITHOUT CHARGE

The value of services provided without charge by the Government of the Northwest Territories totalled \$317,000 as follows:

	<u>1994</u> <u>(000s)</u>
staff support	\$ 269
Accommodation and renovations	<u>4 8</u>
	<u>\$ 317</u>

The Corporation did not note the value of capital assets or services provided by the Government of the Northwest Territories without charge in preceding years.

9. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

APPENDIX B

Schedule of Loan Accounts Approved for Write Off

Loan Accounts Approved by the Legislative Assembly

Agriborealis Ud.	\$ 140,174.84
C&M Lumber Ud.	99,950.77
D&S Enterprises Ud.	29,224.80
Deneyoua, David	22,638.02
Drum Lake Lodge Ud.	145,526.84
Guided Arctic Expeditions Ud.	65,275.92
Hanavik Arts Ud.	45,027.03
Hay River Hotel Ud.	243,507.95
JSL Mechanical Installations Ud.	56,983.42
Liard Valley Band Development Corporation	300,091.98
Moses, Floyd	26,185.46
PM Supply & Services Ud.	49,346.84
PRJ Mechanical Contractors	53,581.96
Rankin inlet Building Supplies Ud.	100,167.20
Sahtu Contractors Ud.	145,826.15
Sigyamiut Ud.	335,126.46
Take 2 Hair Studio Ud.	84,934.06
Tundra Adventures Ltd.	<u>146,731.29</u>
Total	\$2,090,300.99

Loan Accounts Approved by the Board of Directors

861959 NWT Ud. o/a "Picture It Studios" and "Ingrams Bookkeeping and Financial Consultant"	\$ 17,498.71
892576 NWT Ltd. o/a "Barkley's Auto Parts"	18,977.24
Alex's Taxi	3,879.27
Alikashuak, Alex	9,152.30
Arctic Circle Outfitters	14,266.75
Amaluak, Jose	5,980.44
Daniel Sonfrere Fishing	5,199.53

Edward, Thomas Leon	660.00
Gunn, Stephen	18,302.80
Hail Beach Transport Ltd.	14,918.70
Jeannette's Dene Handicrafts & Confectioner	12,765.61
Joe Netser Outfitters	3,693.80
Kudluarak, Charlie	15,563.02
Kaludjak, Joe	1,058.44
MacKay Lake Lodge '89 Ltd.	1,189.44
McM & McM Enterprises Ltd.	6,433.68
Nakashook, Jonah	9,758.91
North Nahanni Expediting	15,355.98
Palvialok, William	1,543.25
RJ Outfitters	10,724.56
Roy's Fishing & Welding	10,377.98
Ruman, Dan	7,542.96
Sateana, Sandy	2,776.55
Siqiniq Taxi	1,979.10
Smitty's Secretarial Services	413.51
Snowshoe. Charlie	7,165.53
Tee-Jay's Homestyle	<u>16,829.80</u>
Total	\$ 234,007.86

Total value of loan accounts approved for write off:

\$20,000 or less	\$ 234,007.86
greater than \$20,000	<u>2,090,300.99</u>
	<u>\$ 2,324,308.85</u>

Note: The \$19 thousand difference between the \$2,324,308 and the \$2,305,000 shown in Note 3, Notes to Financial Statements represents the interest portion of non-performing loan accounts that were approved for write off.

Interest revenue is not recognized in the financial statements in the current year if the loan account is deemed to be non-performing. However, interest accumulation of these accounts do not stop as a result since the collection process has not ceased.