



Arctic Development
Library

***Arctic Canada - Airport Souvenir And Gift
Outlet - Lester B. Pearson International
Airport***

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ARCTIC CANADA - AIRPORT SOUVENIR AND
GIFT OUTLET - LESTER B. PEARSON
INTERNATIONAL AIRPORT

Sector: Reference Material

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a/Strategies

ARCTIC CANADA

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AIRPORT SOUVENIR AND GIFT OUTLET LESTER B. PEARSON INTERNATIONAL AIRPORT

EXECUTIVE SUMMARY FOR BUSINESS PLAN

In July, 1991 work commenced on a business proposal to start a retail outlet at the Lester B. Pearson International Airport. The Department of Economic Development and Tourism prepared a business plan for this proposal. The business plan was completed in September, 1991 and provides a 5 year forecast of operations. The plan calls for ownership to be held by the Northwest Territories Development Corporation (hereinafter referred to as the DevCorp.)

Introduction and Overview

The retail outlet is being established as a means of gauging market opinion and acceptance of NWT Arts and Crafts. This outlet will be used to test market a wide variety of NWT souvenirs and gifts. Due to the high start-up costs and the protracted time frame to establish a purchasing net work in the NWT, this operation is considered to be beyond the means of the private sector and as a result will be operated by the DevCorp. The Kiosk will be located in Terminal 2 of the Lester B. Pearson International Airport in Toronto, Ontario.

Management

The position of manager has been advertised with considerable response and will be awarded to a highly motivated, experienced and reliable individual. The manager will have at least 5 years previous retail experience at a supervisory level. A knowledge of the NWT Arts and Crafts market would also be a definite asset. The manager will oversee the operations of the outlet and will organize staffing (2 sales positions), bookkeeping, and general responsibility for the day to day operations. The manager will be responsible for buying merchandise and a contract buyer will be hired in the NWT to assist the manager during buying trips. The manager will report directly to the DevCorp.

Operations

The kiosk will operate as a retail outlet dealing solely in authentic NWT Arts and Crafts. Regions within the NWT will be provided equal representation in terms of volume of product for sale. Both Inuit and Dene arts and crafts will be sold. Buying trips will be made 3 times a year to a variety of communities to purchase goods. Every effort will be made to provide moderately priced goods in the \$25 to \$150 price range. The store will be 275 square feet in area and will be opened 7 days a week from 6 am. to midnight. Store design and layout has been developed by a reputable architectural firm and recommendations from the architects will be implemented. Data will be kept on the following; materials sold, customer comments and product appeal. This information will be used to determine improvements/variations to products to maximize customer acceptance and productivity in the NWT Arts and Crafts market.

<u>Program</u>		<u>Program</u>	
Leaseholds	\$ 85,000	Leaseholds	\$ 85,000
Equipment	15,000	Equipment	15,000
Lease Deposit	6,250	Lease Deposit	6,250
Opening Inventory	62,500	Opening Inventory	62,500
Subsidy	101,444	Subsidy	101,444
Totals	\$270,194	Totals	\$270,194
		<u>Financing</u>	
		NWT Development Corp.	\$270,194

The leaseholds have not been tendered, therefore the \$85,000 is an estimate and should be adequate to complete the renovations. Equipment costs are based on known prices. Subsidy will be required at \$42,487 in 1992, \$58,203 in 1993 and \$753 in 1994.

Marketing

The marketing strategy will be aimed at travelling professionals in the 35 to 54 year age group as this is the group determined in previous studies to be the predominant buyer of native arts and crafts. These individuals are referred to by the advertising industry as "mature, upscale and affluent consumers" and represent 25% of the Canadian population. International air travellers are more heavily represented by this group and will represent 35% to 40% of pass by traffic. An appealing entrance and good layout has been planned which will attract customers. Authenticity certificates will be provided with each purchase which will provide a competitive advantage over southern substitutes and reproductions from Taiwan and China. Gift boxing will be provided with most purchases to protect them during flights which will also appeal to customers. Inukshuks will be located in various parts of the airport advertising the store and its location.

Forecast of Earnings

Table #1 below summarizes the forecasts for years 1992 to 1996.

Year	Sales	Profit	Working Capital	Term Debt	Net Worth (A)
1992	\$ 90,000	(\$ 7,300)	\$ 70,000	-	\$162,800
1993	500,000	(19,400)	70,000		143,400
1994	625,000	(18,900)	70,000		124,400
1995	687,500	9,400	98,000		133,800
1996	756,300	27,600	139,500		161,400

(v) The net worth calculation includes DevCorp contributions including subsidy funds contributed in that year.

Working Capital

A cashflow analysis has been included in the business plan and reveals that with the funds from the subsidy operating commitments will be met. A favourable working capital position will be established by 1995 that will allow the operations adequate reserves to acquire stock 3 times a year without running into cashflow problems.

Policy

This program is in conformity with the policy's of the NWT Development Corporation. The goal of this project is to develop markets for the arts and crafts industry. The kiosk operation will provide direct benefits through retail sales of goods and indirectly will provide data on consumer likes and dislikes. To date the DevCorp has been concentrating efforts on revitalizing arts and crafts production through a number of initiatives. However, for these production facilities to succeed markets for the products have to be found and this enterprise will provide crucial marketing data.

i) Job Creation:

Based on a job in the cottage industry being defined as \$10,000 worth of goods produced then this project will create the following jobs.

	1992	1993	1994	1995	1996
Cost of Goods Sold	\$45,000	\$250,000	\$312,500	\$343,800	\$378,100
Job Equivalents	4.5	25	31	34	38

ii) Capital Investment - \$168,750 Required

Based on the average number of jobs created and on an investment ceiling of \$100,000 per job created this project would be eligible for an investment of \$2.7 million. The required investment is well within the limit.

iii) Operating Subsidy

	1992	1993	1994	1995	1996
Subsidy required	\$42,487	\$ 58,203	\$ 753	-	-
Job Equivalents	4.5	25	31	34	38
Subsidy Maximum	\$45,000	\$250,000	\$310,000	\$340,000	\$380,000

Based on the jobs created and a subsidy ceiling of \$10,000 per job created the annual subsidies required fall within the allowed limits.

END OF SUBMISSION

In conclusion it is recommended that this proposal be supported.

The Kiosk will play an integral part in the development of the NWT Arts and Crafts industry in the foreseeable future. The Kiosk will provide critical feedback on what should be produced, how it should be marketed, pricing etc. It can be used as a test market for new products and customer feedback will provide input for improvements and modification. The operation can be self-supporting within 4 years and will then provide dividends for the DevCorp. This is a viable operation which will provide invaluable information for the future expansion and growth of the arts and crafts industry in the NWT.

Conclusions

II, INTRODUCTION

Arts and crafts from Canada's Northwest Territories are sold in over 1000 fine art and craft outlets around the world. In 1986, the arts and crafts industry contributed \$22.5 million to the NWT economy. There are an estimated 5507 people across the Northwest Territories who earn supplementary income from the production of arts and crafts.

Currently, the industry is governed by expensive soapstone carvings with very little production or marketing of less costly souvenir and gift items. This lack of product variety makes the industry extremely vulnerable. When times are tough, consumers stop buying.

Changing demands in the marketplace offer the opportunity to market a new range of products. But this development need not be done at the expense of existing NWT arts and crafts. The souvenir/gift buyer and the fine art collector are two distinct consumer groups. A new emphasis on souvenir and gift products will increase benefits to northerners but will not reduce the existing arts and crafts share of the market.

With a number of imitation northern souvenir products being introduced annually by southern based manufacturers, competition has become increasingly fierce. Imitation products are seriously damaging sales of NWT arts and crafts. This situation must be corrected. Industry participants must actively promote the value and authenticity of original NWT products. Additionally, we must develop alternative authentic NWT souvenir products which can compete with the growing number of imitations.

For the most part, the costs involved in developing new products is beyond the reach of the private sector. Therefore, the NWT Development Corporation is planning to establish True North - a retail store in Terminal 2 at the Pearson International Airport in Toronto. This pilot operation will be the first in a series of joint venture operations and will be used to test market a wide variety of NWT souvenir and gift products.

To ensure equal representation and benefits to the regions, products will be purchased from across the Northwest Territories and will include an assortment of newly developed Inuit and Dene merchandise. The objective is to introduce and market a greater variety of unique NWT products to new consumer groups.

These initiatives add up to a revitalized arts and crafts strategy that will benefit all industry participants and strengthen our ability to compete. True North will improve Co-op marketing opportunities and encourage private enterprise to take part in the new and growing market for northern souvenir and gift products.

- **Provides Important Market Research**

True North will be located in a high traffic international airport and will allow the Development Corporation to employ controlled market research studies. These studies will provide key information on consumer needs and market demand. Findings could be used to fuel the creation of an universal NWT arts and crafts strategy.

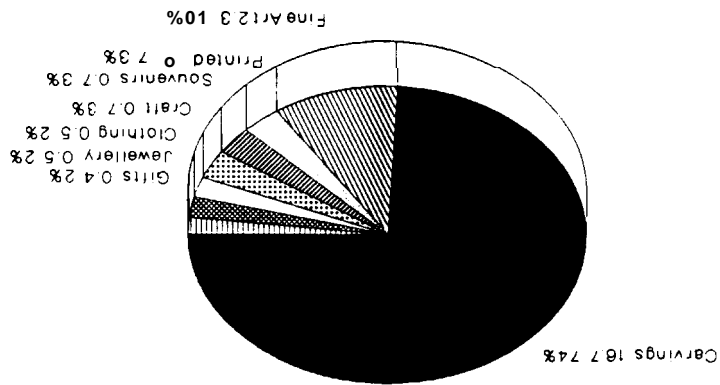
The proposed retail operation would form an integral part of the GNWT Department of Economic Development & Tourism strategy. Through a pilot retail operation a comprehensive program of market research would be undertaken to improve understanding of the marketplace. This research would assist the industry to better position NWT arts and crafts. A pilot retail program could result in surveys, information networking, quarterly industry reports, improved information distribution and spin-off retail operations in airport locations and department stores across Canada.

- **Capitalizes on Tourism and Arts and Crafts Links**

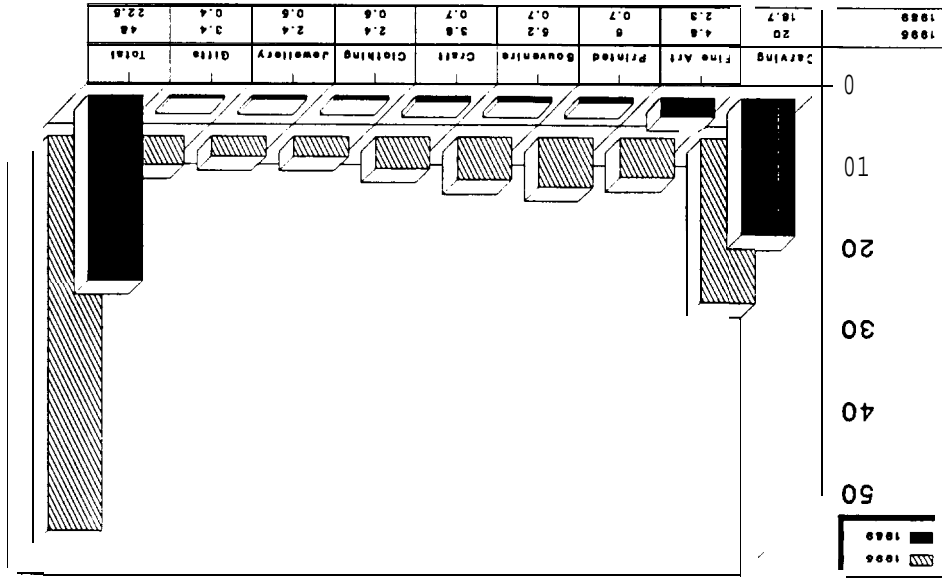
In NWT, tourism provides a ready market for arts and crafts. In return, greater availability of arts and crafts can enrich a visitor's northern experience. New products such as souvenirs and high quality, low end crafts will promote tourism and educate the travelling public.

Current NWT Arts and Crafts Distribution Millions of Dollars

Total Market: \$22.5 Million



Potential Arts and Crafts Distribution Millions of Dollars



The plan seeks to achieve three major goals:

- Diversify the NWT arts and crafts industry by developing new products and expanding production.
- Develop an industry consensus on a plan for developing the NWT arts and crafts sector
- Develop and expand the market for NWT arts and crafts.

Increasing the NWT Share of the Market

There is potential to increase the NWT share of the Canadian arts and crafts market. In a survey of art galleries now selling NWT arts and crafts, 70% of the owners stated they were confident that sales of NWT art and craft work would increase substantially in the coming decade. But, this increase depends on maintaining a consistent quality and supply of products.

We also have the potential to increase sales of our arts and crafts products to capture 10% of the total Canadian arts and crafts sales, and increase our share of the Native American arts and crafts market. Retailers in the southern Canada also report that the current variety of arts and crafts products falls short of market demand. There is a market for increased production of distinctly northern products.

Changing demands in the market place offer the opportunity for NWT residents to apply their creative talent to a range of new products. Properly marketed and promoted, new products will increase our market share and the benefits to northerners. A diversified arts and crafts industry for the future demands a mixed sector employing traditional skills and light manufacturing techniques. A new emphasis on souvenir and gift items offers great potential and will decrease the industry's current heavy reliance on one product line - carvings.

III, OWNERSHIP AND MANAGEMENT

The business will be 100% owned by a subsidiary company set up and controlled by the NWT Development Corporation.

Northwest Territories Development Corporation

The Government of the Northwest Territories, through Legislation has established the Northwest Territories Development Corporation Act. The mandate of the Northwest Territories Development Corporation is to develop and operate business enterprises that will create employment and income for northern residents. Further, the Corporation has the mandate to develop and promote economic diversification and stability of the northern business economy consistent with the economic development strategies of the Government of the Northwest Territories.

The goals of the Corporation are to:

a) incorporate, establish and carry on the business of companies and to develop, establish, operate, manage and carry on the business of projects, directly or indirectly, within the Corporation in order to:

- create employment and income for resident of the Territories, primarily in small communities,
- stimulate growth of businesses in the Territories, and
- promote economic diversification and stability;

b) invest in business enterprises in order to:

- stimulate growth of businesses in the Territories, and
- promote economic diversification and stability;

c) promote the economic objectives of the Government of the Northwest Territories.

The Corporation is administered by a team of people who are highly proficient in their respective positions and who all have a strong commitment to the North and its people.

The Corporation is made up of a Board of Directors consisting of prominent and skilled northerners representing a broad perspective of the northern economy. These board members are responsible for policy and procedures that govern the Corporation and decisions pertaining to investments made by the Corporation.

Management of investments in which the Corporation has more than 50% involvement requires the hiring of trained managers who are directed by standardized management policies and procedures implemented by the Corporation. The objective of the Corporation is to create viable profitable business that can generate income and training opportunities for local residents and eventually be turned over to the private sector. Venture investments by the Corporation are primarily in the form of cumulative preferred shares with a positive return on investment within three years.

The Corporation is responsible for creating employment and income opportunities by initiating and operating businesses. Investments include joint ventures with local development corporations, joint ventures with the private sector and wholly owned business ventures which diversify local economies by providing the means to access larger markets.

Since there is limited business activity outside urban centres, the programs designed to encourage business development are often unused by those communities where they are most needed. As a result, the government is often seen to be unresponsive to the needs of more disadvantaged areas.

The Northwest Territories Development Corporation was created not to compete against business or local development Corporations but to work with them. The private sector is the preferred vehicle for stimulating economic growth, however, it is often reluctant to invest outside of well-established communities. Risks are just too high and potential returns too low when dealing with unskilled labour and managers, small markets, poor or inadequate facilities, and high costs which are the major barriers to economic development and job creation in traditional and emerging communities.

Management

The Manager will provide management to the True North retail outlet in accordance with the *business plan* and according to the financial record standards adopted by the Northwest Territories Development Corporation (hereinafter referred to as the "NWT DevCorp").

The Manager will staff, organize, direct, coordinate and control the operation to ensure that the retail outlet operates to acceptable industry standards of performance, quality, efficiency and production, including, without limitation:

I. Management responsibilities:

- establishing administrative and operation policies, procedures and rates of pay for the staff;
- coordinating staff recruitment and training;
- ensuring that adequate insurance is maintained on the assets of the company;
- liaising with regulatory authorities of the municipal and territorial governments as regards the operation of the outlet;
- managing all aspects of buying, distribution and marketing operations;
- identifying staff training requirements and organizing relevant seminars, workshops and instructional training;
- supervising staff;
- planning, organizing and supervising work schedules for staff
- liaising with gift shows and industry groups as regards product development
- overseeing the implementation of merchandising concepts and new product lines.

II. Financial responsibilities:

- maintaining the original books of entry and related accounting records of the retail outlet in accordance with NWT DevCorp financial record standards (details of which will be provided in a separate document);
- responsibly managing the various monetary transactions of the retail outlet including accounts payable and receivable, maintenance of various checking and saving accounts, term deposits and investments;
- providing budget requests and recommendations to the NWT DevCorp concerning staffing, equipment, financial and product resource requirements for continued delivery of retail outlet programs;
- providing the NWT DevCorp with regular, accurate accounting and financial information as requested and assisting with the preparation of the annual financial statements for the True North retail outlet;
- maintaining accurate manual records of Operation and Maintenance expenditures for the retail outlet budget;
- revising and product inventory records as necessary;
- providing quarterly operations and budget variance reports and analysis in accordance with NWT DevCorp financial record standards;
- providing a year-end report on operations which will include financial statements produced by a recognized NWT accounting firm, a summary analysis of operations, objectives, performance targets, product development and marketing initiatives, buying procedures and recommendations on capital and operational investment requirements;
- establishing annual operational budgets in accordance with the targets set out in the business plan and providing substantiated recommendations on budget changes.

- i) Preparation and chairing of staff meetings
- ii) Vacation scheduling
- iii) Staff Performance Appraisals

STAFFING

- i) Customer relations
- ii) Merchandising concept
- iii) Product knowledge
- iv) Knowledge of NWT communities
- v) product tagging
- vi) product packaging

MARKETING

The Manager will provide on the job training to the retail outlet staff by providing instruction and orientation in the following tasks:

V. Staff training

- assisting the DevCorp with developmental plans for other operational aspects of the retail outlet.

IV. Advisory responsibilities:

- providing the tourism information which reflects the arts and culture of the north.
- promoting and fostering sales of retail outlet products; and
- implementing pilot projects in product development, promotion and marketing.
- developing and coordinating marketing and promotional initiatives for the retail outlet;

III. Marketing and product development responsibilities:

- i) preparing job descriptions for employees;
- ii) developing costing and pricing reports for current products;
- iii) evaluating the business and operating plan

The Manager will provide planning and implementation assistance to the NWT DevCorp for the transfer of control over the retail outlet by:

- i) Customer relations/services
- ii) Serving customers (selling skills)
- iii) Sales systems (receipt book, visa authorization)
- iv) Shop design and display

The Manager will also provide on the job training to the retail outlet staff by providing instruction and orientation in the following tasks:

- i) Building and maintenance
- ii) Government Departments
- iii) NWT Development Corporation
- iv) Equipment and wholesalers
- v) Buyers

CONTACT LISTING

- i) Sales system (receipt book, visa authorization, etc.)
- ii) Cash operation
- iii) Filing system
- iv) Marketing reports
- v) Accounts receivable (tracking of receivables)

SYSTEMS AND PROCEDURES

Staffing

Two additional staff will be hired to assist with the operation of the True North outlet.

1A. MARKETING

Product Line

Year one product sourcing has been developed based on a target revenue figure of \$500,000. Product components will be 30% carvings, 15% printed products, 10% arctic char, 15% fashion accessories, 25% souvenir goods and 5% performing arts goods such as northern CD's and cassettes. Year one volume requirements will be sourced from a wide variety of NWT communities. The product line, related prices and acquisition plan are outlined in exhibit 1. The True North retail outlet has been designed as a test marketing operation. As such, the product line remains flexible.

Market Positioning

Most NWT arts and crafts products are positioned in the market place as fine art. Purchasing, distribution and pricing are identical for all products regardless of their value. In an effort to correct this situation, True North will present a defined merchandising concept to a clearly segmented audience. Products will retail in the \$25 - \$150 price range. Unnecessarily distribution channels will be eliminated resulting in lower mark-ups and more cost competitive merchandise.

Target Market

age: male and female 35-54
occupation: travelling professional
education: university/college

By age, this group encompasses more than 6.5 million people, roughly one third of all adult Canadians. By income, it represents what the advertising industry refers to as the "mature, upscale and affluent consumer market. The majority of consumers are Canadian residents but slightly over one third are tourists from other countries.

There are a large number of competitors merchandising northern souvenir and gift items. Competitors include Sikku, Eklu, Pearlite and Hoeselton. However, these manufacturers do not market authentic northern goods. These products imitate northern themes and designs but do not evoke the mystery and value of genuine arctic merchandise. There are no competitors currently marketing authentic northern goods in terminal 2.

Competition

The targeted True North location is located in terminal two of the Toronto Pearson International Airport. The space measures approximately 275 square feet and is situated between the U.S and International departure areas. The space is located adjacent to the entrance doors opposite the crosswalk from the section of the parking garage utilized by the transborder and international passengers. Passenger traffic (enplaned and deplaned) is estimated at 11 million per annum.

Location

● they take pride in their surroundings and view these as reflections of themselves. They like to be surrounded by things that say something about who they are and how they feel. This pride is evident when they choose gifts. They want their gifts to be distinctive and memorable.

● they are value driven. Value means more to this group than price. They are willing to invest money in something that has meaning to them - and they do.

● they are detail oriented; design is very important

● they look for value, quality and authenticity in their selection

● they are interested in history/heritage and in discovering their own roots and those of others

Consumers of native arts and crafts are likely to possess the following traits:

Competition is comprised of low price synthetic imitation craft. As northern products tend to be higher in cost, it will be difficult to compete on a pure price basis. True North price points will be slightly higher than non-northern competitors. The strategy will be to offer a preferable service/atmosphere, authentic image and a higher quality product.

Competitive Weakness

- high profile branding
- product authenticity
- knowledgeable staff

Competitive Strengths

- Wall sized story boards and fact sheets will depict northern images and product themes
- Tags have been developed certifying product authenticity and will accompany all product lines
- Information on various northern destinations and attractions will be accessible via computer
- Advertisements will be placed in all in-flight magazines and related business publications
- Knowledgeable sales staff will provide additional product history and information on Canada's Northwest Territories
- Video images will depict northern artists and regions
- Inukshuks within terminal two will promote the store concept and location

The True North retail outlet will promote the north using several concepts:

Promotion Strategy

Price points will be directed at the souvenir and gift buying traveller. Products will be merchandised at between \$25 and \$150. Products will be marked up 100% on cost.

Pricing Strategy

Products will be packaged at the cash area. Packaging will consist of different sized gift boxes. The True North logo will be printed on all box covers. All products will be *boxed* for the customer with the exception of carvings, sweatshirts, char and music accessories. These items will be wrapped in a protective material and packaged in a True North bag. *Thank you* cards will be enclosed with the packaged products. *Thank you* cards will thank the customer for purchasing authentic NWT products and supporting northern artists.

Packaging

All products will be tagged with the *owl drum* symbol. The shaman's drum is a symbol prevalent in both Inuit and Dene cultures. The skin of the traditional Dene drum bears the stylised representation of an owl, an image often used in Inuit printmaking. A hidden element in the owl figure shows a pair of parka clad figures facing one another. The *owl drum* symbol will be the certificate of authenticity for all NWT souvenir and gift products in the \$25 - \$150 price range. See exhibit 3.

Tags

The True North logo is included in exhibit 2. The logo depicts the interrelationship between the Dene and the Inuit people of the north. These two groups produce their own unique form of arts and crafts. The inukshuk represents the Inuit people and the teepee represents the Dene. The logo will appear on the store sign, packaging, letterhead and business cards.

True North Logo

A., OPERATIONS

Hours of Operation

It is estimated True North will be open seven days a week from 6 a.m. until midnight.

Product Procurement and Distribution

Initially, products will be sourced from Spence Bay, Gjoa Haven, Baker Lake and a number of Dene Communities. Purchasing volume targets are outlined in exhibit 1. Goods will be shipped to Toronto and tagged at the store location. Regional economic development officers will facilitate production and distribution of products. The store management will hire two buyers - one responsible for purchasing Dene products, the other responsible for purchasing Inuit products. The buyers will purchase inventory in accordance with the product development studies prepared by Economic Development & Tourism. Producers will be paid by cheque in the name of the True North company. Purchasing will take place three times per year - January, May and September. Each trip will be two weeks in duration.

Facility Layout and Design

Required store size has been estimated at two hundred and seventy five square feet. To ensure high visibility, the outlet will be constructed with a number of glass panes. The design will utilize rough wood and frosted glass to create a typical northern feel. The outlet will be embellished with wall-sized murals depicting traditional northern lifestyles. Story boards will accompany product groups contributing relevant information about the artist and the creative process. See following pages.

TRUE NORTH
FOR THE FIVE YEARS ENDED MARCH 31, 1999
STATEMENTS

TRUE NORTH
BALANCE SHEET
For the years ended March 31, 1998

Open Balance

Assets	April	May	June	July	August	September	October	November	December	January	February	March	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	
CURRENT ASSETS																							
Cash	\$0	M	\$0	\$0	\$0	\$0	20	\$0	\$0	\$100	\$1,467	\$11,829	\$19,200	\$22,639	\$22,455	\$46,274	\$43,270	0	0	0	0	0	
Accounts receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment and leasehold improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FIXED ASSETS																							
Equipment and leasehold improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wages and benefits payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CURRENT LIABILITIES																							
Accounts payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wages and benefits payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SHAREHOLDERS EQUITY																							
MMT DEV CORPORATION CAPITAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RETAINED EARNINGS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income per annum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SHAREHOLDERS EQUITY																							
SHAREHOLDERS EQUITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MMT DEV CORPORATION CAPITAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RETAINED EARNINGS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income per annum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(0)

(0)

SALES	April	May	June	July	August	September	October	November	December	JANUARY	FEBRUARY	MARCH	1982	1983	1984	1985	1986			
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
SALES	0	0	0	0	0	0	0	0	0	0	0	0	15,000	18,000	18,000	48,000	250,000	312,500	343,750	378,125
COST OF SALES	0	0	0	0	0	0	0	0	0	0	0	0	15,000	18,000	18,000	48,000	250,000	312,500	343,750	378,125
GROSS MARGIN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	2,500	2,500	2,500	1,500	30,000	31,500	33,075	34,720
Advertising and promotion	0	0	0	0	0	0	0	0	0	0	0	0	2,500	2,500	2,500	1,500	30,000	31,500	33,075	34,720
Bank charges and interest	0	0	0	0	0	0	0	0	0	0	0	0	148	100	100	348	1,200	1,200	1,200	1,200
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	2,417	2,417	2,417	7,250	18,400	18,920	18,530	13,870
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	167	167	167	800	2,000	2,100	2,205	2,315
Leases and dues	0	0	0	0	0	0	0	0	0	0	0	0	150	150	150	1,800	1,800	1,884	1,884	2,044
Office	0	0	0	0	0	0	0	0	0	0	0	0	950	950	950	2,850	11,400	11,870	12,568	13,187
Professional fees	0	0	0	0	0	0	0	0	0	0	0	0	800	800	800	1,800	7,200	7,560	7,938	8,335
Rent	0	0	0	0	0	0	0	0	0	0	0	0	2,500	2,500	2,500	13,500	79,000	83,750	103,125	113,438
Repairs and maintenance	0	0	0	0	0	0	0	0	0	0	0	0	150	150	150	450	1,800	1,884	1,884	2,044
Sub contracts - hourly	0	0	0	0	0	0	0	0	0	0	0	0	1,750	1,750	1,750	5,250	21,000	22,050	23,152	24,310
Telephone	0	0	0	0	0	0	0	0	0	0	0	0	400	400	400	2,000	4,800	5,060	5,282	5,557
Training	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,500	10,000	2,000	2,000	2,000
Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,000	48,000	17,840	17,840	18,522
Wages and benefits	0	0	0	0	0	0	0	0	0	0	0	0	7,884	7,583	7,884	34,338	84,003	103,839	103,839	105,550
OPERATING INCOME	0	0	0	0	0	0	0	0	0	0	0	0	22,450	22,100	22,411	84,737	327,003	332,173	334,340	337,554
OPERATING SUBSIDY	0	0	0	0	0	0	0	0	0	0	0	0	14,887	13,080	14,887	42,487	58,203	753	0	0
NET INCOME	0	0	0	0	0	0	0	0	0	0	0	0	37,337	35,180	37,300	147,220	588,206	607,113	608,340	637,554

NET INCOME
OPERATING INCOME
OPERATING SUBSIDY

Wages and benefits
Travel
Training
Telephone
Sub contracts - hourly
Repairs and maintenance
Rent
Professional fees
Office
Leases and dues
Insurance
Depreciation
Bank charges and interest
Advertising and promotion

SALES
COST OF SALES
GROSS MARGIN
EXPENSES

TRUE NORTH
CASH FLOW
For the five years ended March 31, 1996

	April	May	June	July	August	September	October	November	December	January	February	March	1992	1993	1994	1995	1996	
SOURCES OF CASH																		
Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Subsidiary	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
NWT Development Corporation - Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Sources of Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
USES OF CASH																		
Inventory purchased	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Operating expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Purchase of fixed assets & leaseholds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Lease Deposit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
NWT Development Corporation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Uses of Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CHANGE IN CASH	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CASH AT BEGINNING	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CASH AT END	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
COVERAGE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Accounts rec.ivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

TRUE NORTH
 OPERATING EXPENSES - Cash Paid/Prepaid/Accounts Payable
 For the years ends March 31, 1992

	April	May	June	July	August	September	October	November	December	January	February	March	1992 Total	1993 Total	1994 Total	1995 Total	1996 Total
OPERATING EXPENSES (CASH)																	
CASH USED - OPERATING EXPENSES																	
Advertising and promotion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bank charges and interest	0	0	0	0	0	0	0	0	0	146	100	100	346	2,000	450	3,800	0
Insurance	0	0	0	0	0	0	0	0	2,000	0	0	0	2,000	0	0	0	0
License and dues	0	0	0	0	0	0	0	0	450	0	0	0	450	0	0	0	0
Office	0	0	0	0	0	0	0	0	3,800	0	0	0	3,800	0	0	0	0
Professional fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rent	0	0	0	0	0	0	0	0	0	4,500	4,500	4,500	13,500	480	0	0	0
Repairs and maintenance	0	0	0	0	0	0	0	0	0	160	160	160	480	0	0	0	0
Sub contracts - Buying	0	0	0	0	0	0	0	0	0	1,760	1,760	1,760	5,280	0	0	0	0
Telephone	0	0	0	0	0	0	0	0	400	400	400	400	1,600	0	0	0	0
Traveling	0	0	0	0	0	0	0	0	0	833	833	833	2,500	0	0	0	0
Travel	0	0	0	0	0	0	0	0	8,000	8,000	0	0	16,000	0	0	0	0
Wages and benefits	0	0	0	0	0	0	0	4,880	8,287	7,884	7,583	7,884	34,338	0	0	0	0
PREPAID EXPENSES																	
Expense Prepaid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,880	\$28,237	\$28,878	\$18,318	\$18,827	\$87,537	\$308,203	\$318,258	\$315,808	\$338,543
Advertising and promotion	0	0	0	0	0	0	0	0	2,000	0	0	0	2,000	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	450	0	0	0	450	0	0	0	0
License and dues	0	0	0	0	0	0	0	0	0	150	150	150	450	0	0	0	0
Office	0	0	0	0	0	0	0	0	3,800	0	0	0	3,800	0	0	0	0
Expense Month of	0	0	0	0	0	0	0	0	0	2,800	2,800	2,800	7,600	0	0	0	0
Advertising and promotion	0	0	0	0	0	0	0	0	0	187	187	187	500	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	150	150	150	450	0	0	0	0
License and dues	0	0	0	0	0	0	0	0	0	850	850	850	2,550	0	0	0	0
Office	0	0	0	0	0	0	0	0	550	0	0	0	550	0	0	0	0
CHANGE IN PREPAIDS	0	0	0	0	0	0	0	0	13,850	(3,787)	(3,787)	(3,787)	2,250	0	0	0	0
PREPAID AT BEGINNING	0	0	0	0	0	0	0	0	0	13,850	9,763	9,017	0	0	0	0	0
PREPAID AT END																	
ACCOUNTS PAYABLE & ACCRUED LIABILITIES																	
OPENING BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSES	0	0	0	0	0	0	0	13,080	14,887	20,043	19,883	19,884	87,487	0	0	0	0
PREPAID WHITE OFF	0	0	0	0	0	0	0	13,940	23,047	(3,787)	(3,787)	(3,787)	(11,300)	0	0	0	0
CASH USED FOR OPERATING EXPENSES	0	0	0	0	0	0	0	4,880	28,237	23,878	18,318	18,827	76,187	0	0	0	0
EXPENSE PREPAID	0	0	0	0	0	0	0	1,880	(13,850)	0	0	0	(13,850)	0	0	0	0
ENDING BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,400	\$4,400	\$1,000	\$1,000	\$1,000	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250

Month	Percent of Annual Sales						Annual Sales					
	Nov	Dec	Jan	Feb	Mar	Total	Nov	Dec	Jan	Feb	Mar	Total
1992						\$0	\$0	\$0	\$0	\$0	\$0	\$0
1993						\$0	\$0	\$0	\$0	\$0	\$0	\$0
1994						\$0	\$0	\$0	\$0	\$0	\$0	\$0
1995						\$0	\$0	\$0	\$0	\$0	\$0	\$0
1996						\$0	\$0	\$0	\$0	\$0	\$0	\$0
1997						\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total						\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year	Annual Purchases - Inventory											
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1992	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
1993	0	0	0	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0	0	0	0	0
Total	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Percent of Annual Purchases	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Annual Purchases - Inventory	\$107,500	\$295,925	\$320,313	\$352,344	\$387,578	\$425,000	\$462,500	\$500,000	\$537,500	\$575,000	\$612,500	\$650,000

TRUE NORTH
 PURCHASES
 For the five years ended March 31, 1990

	April	May	June	July	August	September	October	November	December	January	February	March	1990	1991	1992	1993	1994	1995	1996
INVENTORY, opening	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,531	\$45,938	\$45,938	\$78,125	\$78,125	\$85,938	\$103,864
COST OF SALES	0	0	0	0	0	0	0	0	0	0	0	0	343,790	312,500	250,000	(234,375)	(257,813)	243,790	(283,564)
INVENTORY required	0	0	0	0	0	0	0	0	0	0	0	0	103,864	103,864	103,864	103,864	103,864	103,864	103,864
PURCHASES required	0	0	0	0	0	0	0	0	0	0	0	0	392,344	392,344	392,344	392,344	392,344	392,344	392,344
INVENTORY, closing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$84,531	\$85,938	\$85,938	\$78,125	\$78,125	\$85,938	\$103,864

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CURRENT ASSETS	
Cash	50
Accounts receivable	0
Inventory	0
Deposits	0
Prepaid expenses	0
FIXED ASSETS	0
Equipment and leasehold improvements	0
Less accumulated deprecia	0
LIABILITIES	50
CURRENT LIABILITIES	50
Bank indebtedness	0
Accounts payable and accrued liabilities	0
Wages payable	0
Income taxes payable	0
Principal due within one year on long term debt	0
LONG TERM DEBT	0
SHAREHOLDER LOANS	0
SHAREHOLDERS' EQUITY	0
SHARECAPITAL	0
RETAINED EARNINGS	0
\$0	0

TRUE NORTH
 FORECASTED FINANCIAL STATEMENTS
 For the two years ended March 31, 1999

SIG FCA TONS LAV
 B) PROGRAM AND FINANCING

PROGRAM

CAPITAL COST	
Leasehold Improvements	\$46,000
Equipment	16,000
Working Capital - Inventory	62,500
Working Capital - Lease Deposit	0,250
	<u>124,750</u>
OPERATING SUBSIDY	
1992	42,487
1993	59,203
1994	753
1995	0
1996	<u>101,444</u>
	<u>\$270,184</u>

FINANCING
 NORTHWE RMN LOPM CORPORATION \$270,184

