



“A Bridge to Success”

***Deh Cho Business
Development Centre***



***ANNUAL REPORT
2001 - 2002***

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Board of Directors 2001/2002

John Hazenberg	Chairperson	Fort Simpson
Les Christopher	Treasurer / Vice Chair	Wrigley
Ruby Jumbo	Director	Trout Lake
Pauline Campbell	Director	Nahanni Butte
Ernest Hardisty	Director	Jean Marie River
Keyna Norwegian	Director	Fort Simpson

Staff

Todd Noseworthy	General Manager
Sean Whelly	Business Dev. / Loans Officer
Kathy Konisenta	Executive Assistant
Tonya Makletzoff	Youth Development Officer
Suza' Tsetso	Community Support Officer



Introduction

The Deh Cho Business Development Centre is a non-profit Corporation governed by a Board of Directors from the communities it serves and funded by the Territorial Government through the Department of Resources, Wildlife & Economic Development (RWED), using funds from the Community Futures Program and the GNWT.

The Centre's Mandate is to enhance the economy and stimulate employment through business development in the Deh Cho Region. The business development services are provided to clients in the six communities in the Deh Cho region, namely: Nahanni Butte, Trout Lake, Fort Liard, Fort Simpson, Wrigley and Jean Marie River.

By providing assistance at all stages of business start-up and expansion, we hope to improve the client's chances of success. The level of assistance required varies from client to client. Sometimes putting a person in touch with the right contact may be all that is necessary. Other times they may require general advice regarding the type of business they want to start, assistance with a business plan, and perhaps even financing.

Time Line of Significant Events

- June 1997 - Idea Presented To Communities
- September 1997 - Temporary Board Put In Place
- April 1998 - Application For BDC Submitted
- April 1998 - Application Approved
- September 1998 - General Manager Hired
- October 1999 - First Board Meeting
- November 1998 - First Official Board Ratified And Officers Elected
- November 1998 - BDC Incorporated
- January 1999 - Move Into Premises
- January 1999 - Business Development / Loans Officer Hired
- January 1999 - Operating And Loan Funds (\$550,000) Received
- January 1999 - First Loan Approved and Advanced
- March 2000 - Received funding for Service Canada Pilot Project (First Service Canada Agent Hired)
- October 2000 - Funding Approved For Youth Development Officer Project
- January 2001 - Hired Executive Assistant
- Fort Simpson Economic Development Officer Position Transferred to Deh Cho BDC
- September 2001 - Hired Youth Development Officer**
- April 2002 - Held first NWT Youth Business Conference**

Services and 2001 - 2002 Utilization

The Board and Staff of the Deh Cho BDC continue to assist the people of the region to start and/or expand their small businesses. Services provided include General Business Advice / Counseling, Training, the provision of a Small Business Resource Centre for public use, Small Business Loans, Junior Achievement, Monitoring and Aftercare, and other services to enhance small business and the business environment. The following gives a brief summary of what each service entails and where possible we comment on the use of the service.

General Business Advice / Counseling / Technical Assistance

Advice and Counseling is often provided to those in the early stages of business startup or who are contemplating expansion to include new products or services. Clients are assessing the viability / feasibility of an idea, identifying steps to take, looking for financing, registering with various government departments and so on. The service is provided free of cost to clients of the BDC on an as needed basis.

Technical Assistance includes a wide assortment of services. Examples include income tax preparation, assistance with the development of logos, and Arts Council applications. At least 25 people received significant help this past year.

Training

Training is always included when the services provided by the BDC are outlined. To date, we have not provided any formal training. However, it is still believed that basic training improves the chance of success for businesses. Financial training enables clients to keep better records and to recognize problems earlier. Training in other areas will help them sell their product or service and become more aware of the general requirements of a business at start-up.

Some of the training ideas that we have discussed include: Understanding Financial Statements, Marketing, Marketing Research, How to Do a Business Plan, Web Page Editing, E-Commerce, and Bookkeeping. Anyone that is interested in having a workshop delivered in their community should contact us so we can make arrangements to do so.

Small Business Resource Centre

The Canada / Northwest Territories Business Service Centre and the Aboriginal Business Service Network have contributed funds over the past three years to allow us to develop a local library of resources related to Business Development. The library is made up of books, videos, brochures, a computer with Internet access and a good assortment of software for public use, a digital camera and



laptop, which can both be borrowed for short periods of time.

The Resource Centre's main purpose is to allow clients to carry out a number of tasks; such as business plan preparation, idea assessment, improve their business skills, etc. independently or with help from BDC staff.



A monthly Newsletter was started in January 2001 to illustrate some of the items available at the Resource Centre. It was sent to all communities in the Deh Cho. Some examples are included in the Appendix. All Newsletters and a list of resources can be viewed online at www.dehchobdc.ca.

To date, approximately \$19,300 has been spent on the materials. We expect to receive a final \$5,000 during the coming year for the resource Centre. If you have suggestions for materials or a particular topic that you would like to see included, please let us know.

Use of the Resource Centre continues to increase but is still far from its potential. Other communities have hardly made use at all. Our operational plan includes some enhancement of our services in communities other than Fort Simpson. Perhaps our efforts will improve the usage of the Resource Centre.

We want to be the number one source of business related information in the Deh Cho and with your help we can be.

Small Business Loans

The primary service of the BDC, or at least the service it is best known for, is small business financing. The purpose of the financing is not to just help start or expand small businesses but to do so with an eye on the creation of employment and stimulation of the local economy.

The backbone of the BDC's lending service is its Loan Fund. It was initially funded with a \$550,000 contribution from RWED. Since then, a portfolio of loans, guarantees, cash and short-term investments has been created. Below are a number of charts and graphs that attempt to illustrate how the investment funds are used to benefit the communities of the Deh Cho region. They also outline the activity experienced by the Loan Fund over the past year and since inception, and attempt to show various aspects of the fund as of the end of this fiscal year, March 31, 2002, and of past years as well.

Lending Activity

The number of applications received this year was the second lowest since we opened. Only 20 were received. The only explanation we can offer is a general slow down in the economy. Other activities at the BDC actually increased during this fiscal year. With more activity and traffic, more applications would be expected.

Of the 20 applications requesting \$319,805, 17 were approved totaling \$296,805. Three requests were rejected. One of the requests was for a guarantee to allow the client to obtain an operating line at a bank and another was bid security to help a client meet tender requirements. The BDC tries to be flexible enough to meet client needs.

In just three and one-half years the BDC has approved and disbursed over \$1,000,000 in loans in the Deh Cho region; a region with approximately 2,200 people.

Current and previous year's totals and totals to date are illustrated in Tables 1a & 1b / Figures 1a & 1b. Figure 2 illustrates the growth in the net loan balance since inception.

(Note: All approvals and advances of loans, guarantees and bid securities are grouped as loans throughout this document for simplification purposes)

Table 1a - # of Applications Assessed / Approved

	Per. Ended 3/31/99	Per. Ended 3/31/00	Per. Ended 3/31/01	Per. Ended 3/31/02	Total
Applications	11	28	32	20	91
Approvals	7	25	26	17	75
Not Approved	4	3	6	3	16

Table 1b - \$ Value Assessed / Approved

	Per. Ended 3/31/99	Per. Ended 3/31/00	Per. Ended 3/31/01	Per. Ended 3/31/02	Total
\$ Requested	\$ 74,355	\$492,699	\$ 580,761	\$319,805	\$ 1,467,620
\$ Approved	53,300	413,824	438,714	296,805	1,202,643
\$ Disbursed	50,800	278,324	450,714	294,093	1,073,931

Figure 1a - # of Applications Assessed / Approved

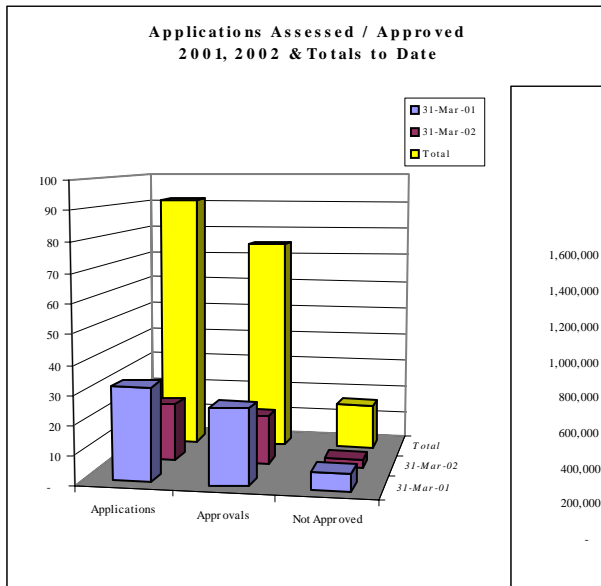


Figure 1b - \$ Value Assessed / Approved

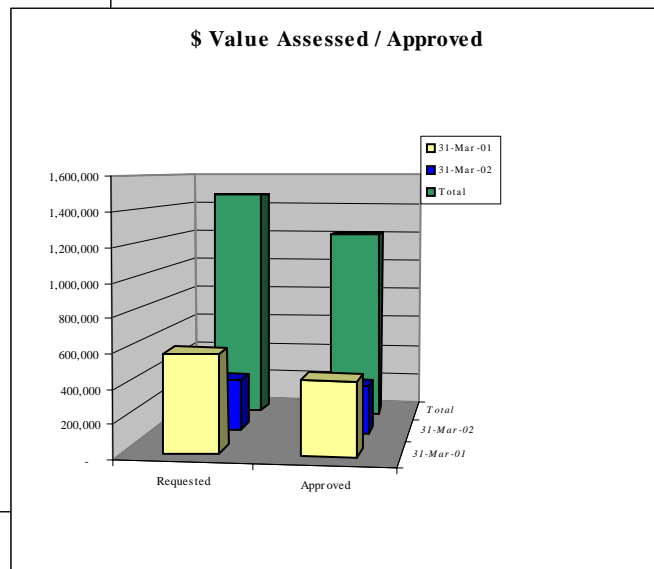
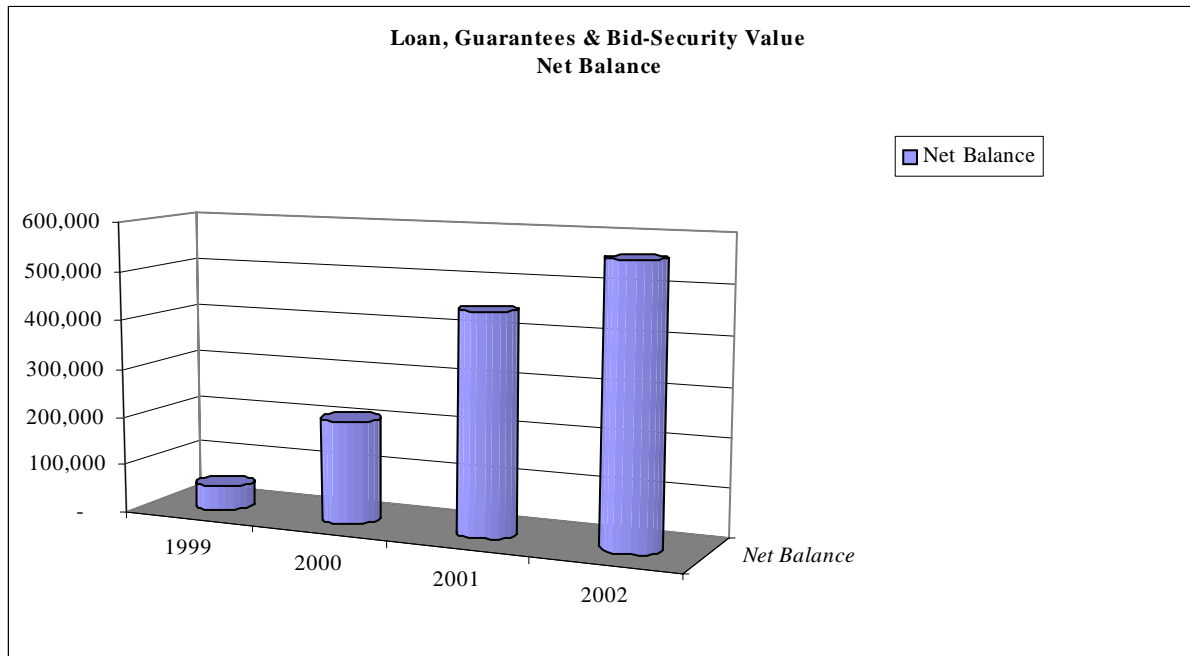


Figure 2 – Growth in Net Loan Balance



Growth may be limited in future years. We will have to borrow funds from BCC if RWED is unable to find additional dollars to contribute to the Investment Fund. At the time this report was written, we were told that we would be receiving another \$92,000 for the fund during the 2002 / 2003 fiscal year.

Breakdown by Community

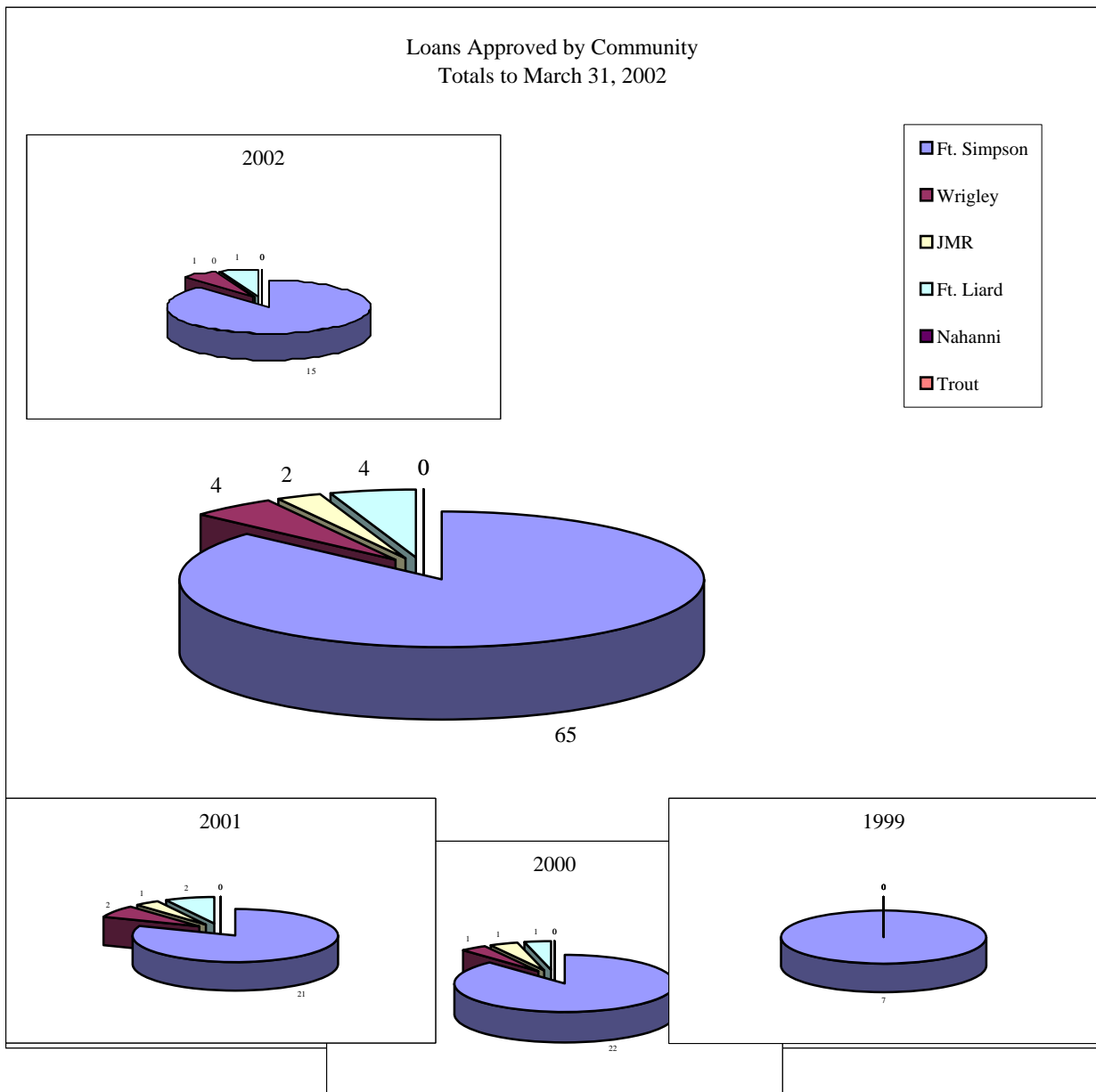
Table 3 / Figure 3 illustrate how the communities within the region have used the BDC’s financial services over the last four years. As of March 31, 2002, we have approved 4 loans in Wrigley, 2 in Jean Marie River, 65 in Fort Simpson and 2 in Fort Liard, although not all loans approved were advanced. Applications for financial assistance from communities outside of Fort Simpson are still limited. We will have to take steps to ensure that all communities utilize the financial services of the BDC.



Table 3 – # Loans Approved By Community

	Ft. Simpson	Wrigley	JMR	Ft. Liard	Nahanni	Trout
Year 1	7	0	0	0	0	0
Year 2	22	1	1	1	0	0
Year 3	21	2	1	2	0	0
Year 4	15	1	0	1	0	0
\$ Totals	\$913,093	\$145,000	\$34,500	\$48,450	0	0
						0%
% of Total	80%	4%	13%	3%	0%	

Figure 3- Loans Approved By Community (Years 1, 2 & 3)



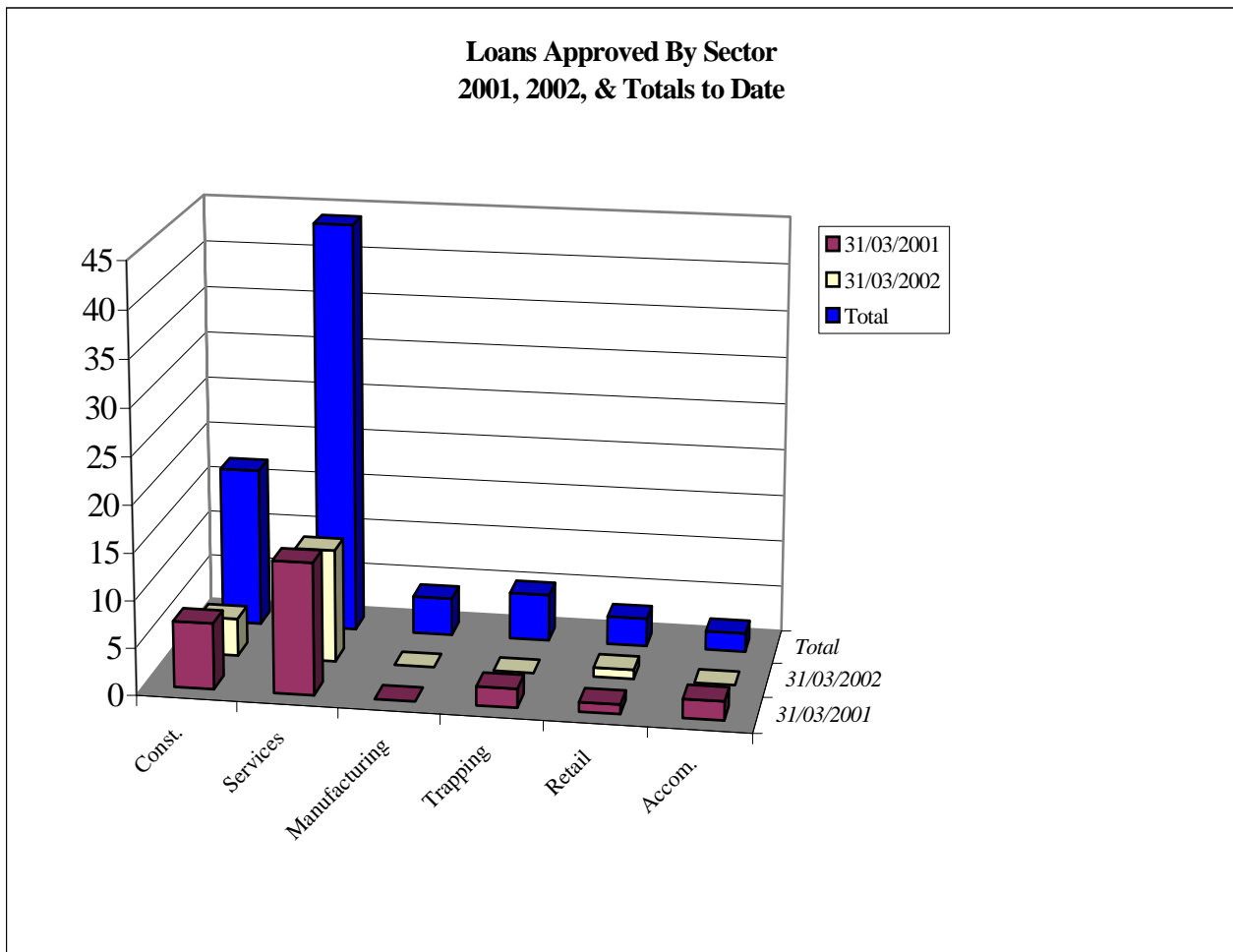
Breakdown by Sector

All sectors can be considered for financial assistance, although applicants who ask for assistance with equipment purchases related to trapping must be engaged in the activity for the purpose of making a living to be eligible for consideration. As can be seen in Table and Figure 4, various sectors have utilized this service. Although approved applications have been largely concentrated in the construction and services sectors, loans have also been approved in the trapping, retail, manufacturing and accommodations sectors over the three years.

Table 4 - Loans Approved By Sector

SECTOR	Per. Ended 3/31/99	Per. Ended 3/31/00	Per. Ended 3/31/01	Per. Ended 3/31/02	Total
Construction	0	6	7	4	17
Services	5	13	14	12	44
Manufacturing	1	3	0	0	4
Trapping	1	2	2	0	5
Retail	0	1	1	1	3
Accommodations	0	0	2	0	2

Figure 4 – Loans Approved by Sector



Portfolio Composition

The balance of the loans and cash held by the BDC varies from year to year. Table 5 / Figure 5 illustrate the composition and total value of the Investment Fund for each year ended March 31. Although the total value of the portfolio increases each year, the net value (after bad debt is subtracted) has fluctuated, increasing from year one to two, declining from year two to year three and increasing again in this past year.

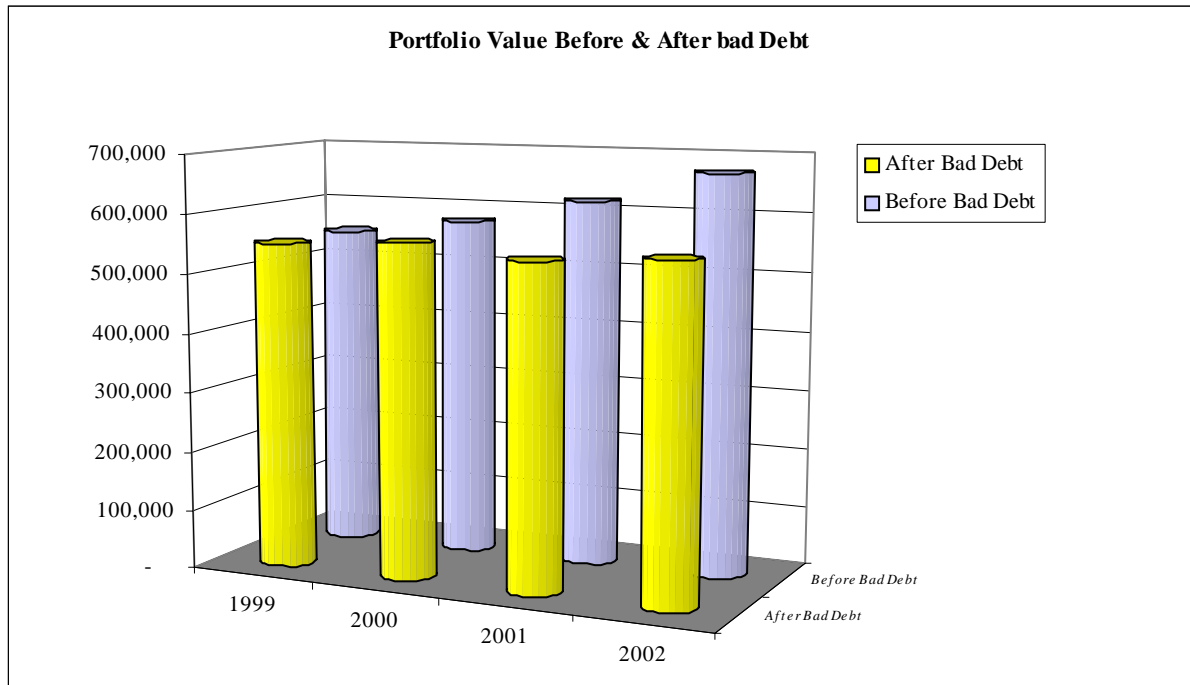
The current value is slightly more than the original contribution, which means that since inception our revenues, with reasonable interest rates (especially given the high risk we assume), have outweighed our bad debt and investment fund expenses.

Steps, such as more stringent lending, closer monitoring, and more aggressive collection policies, are being taken to ensure that the value of the fund is not degraded to the point that the BDC is no longer able to serve its clientele.

Table 5 – Portfolio Value Before Bad Debt & Accrued Interest

SECTOR	Per. Ended 3/31/99	Per. Ended 3/31/00	Per. Ended 3/31/01	Per. Ended 3/31/02
Total Value Before Bad Debt	\$550,490	\$576,101	\$619,553	\$672,865
Total Value After Bad Debt	\$550,490	\$560,952	\$542,262	\$554,974
Cash & Investments	499,296	348,368	\$ 95,317	\$ 16,513
Loan / Guarantee Net Bal.	50,633	225,316	\$446,945	538,461

Figure 5 – Portfolio Value



As of March 31, 2002, the dollar weighted average repayment term (DWART) was approximately 33 months before bad debt was removed and 31 after. Both are slightly less than the DWART at the end of last year, which stood at 38 months before bad debt and 37 months after. A slow decline is evident in the average term of loans at the end of each fiscal year.

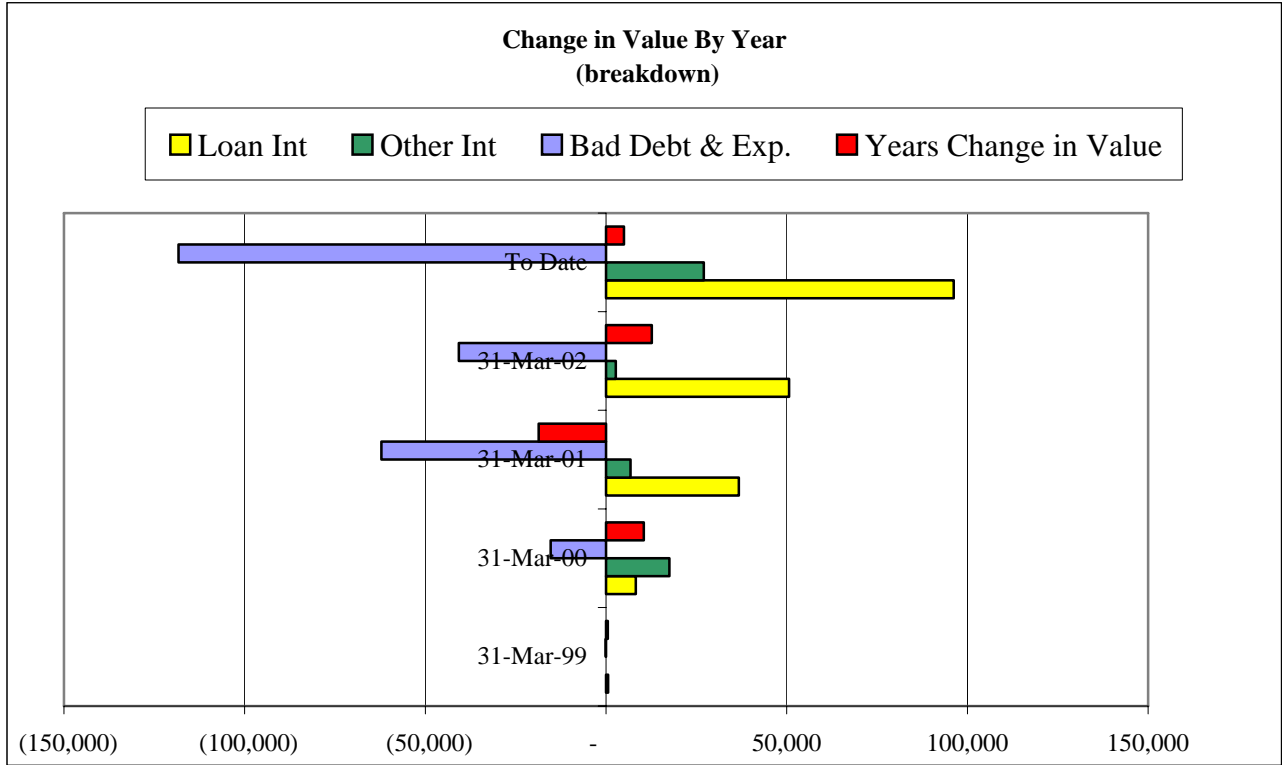
The dollar weighted interest rate (DWIR) as of March 31, 2002 was 9.03% before bad debt was removed and 9.01% after. This compares to 9.05% and 9.01% as of March 31, 2001.

Table 6 / Figure 6 break down the elements of the change in value over the three years. In year two the funds value increased a little with interest outweighing the losses, in year three losses were greater and the value declined, during 2001/02 (year 4) the reduction in the allowance for bad debt resulted in an increase in the fund's value and it is now slightly above the amount originally contributed by RWED.

Table 6 – Elements of Change in Fund Value

	3/31/99	3/31/00	3/31/01	3/31/02	Total
Loan Interest	\$ 571	\$ 8,248	\$ 36,727	\$ 50,671	\$ 96,217
Other Interest	0	\$ 17,538	\$ 6,789	\$ 2,722	\$ 27,049
Expenses / Bad Debt	\$ 81	\$ 15,323	\$ 62,149	\$ 40,741	\$ 118,294

Figure 6 - Elements of Change in Fund Value



Total funds needed/leveraged from other sources was \$27,261. This is partly because a large portion of the loans approved this past year were used for working capital to complete the contracts that clients had been awarded. Contract proceeds were used as collateral and money earned from the contracts were used to repay the debt.

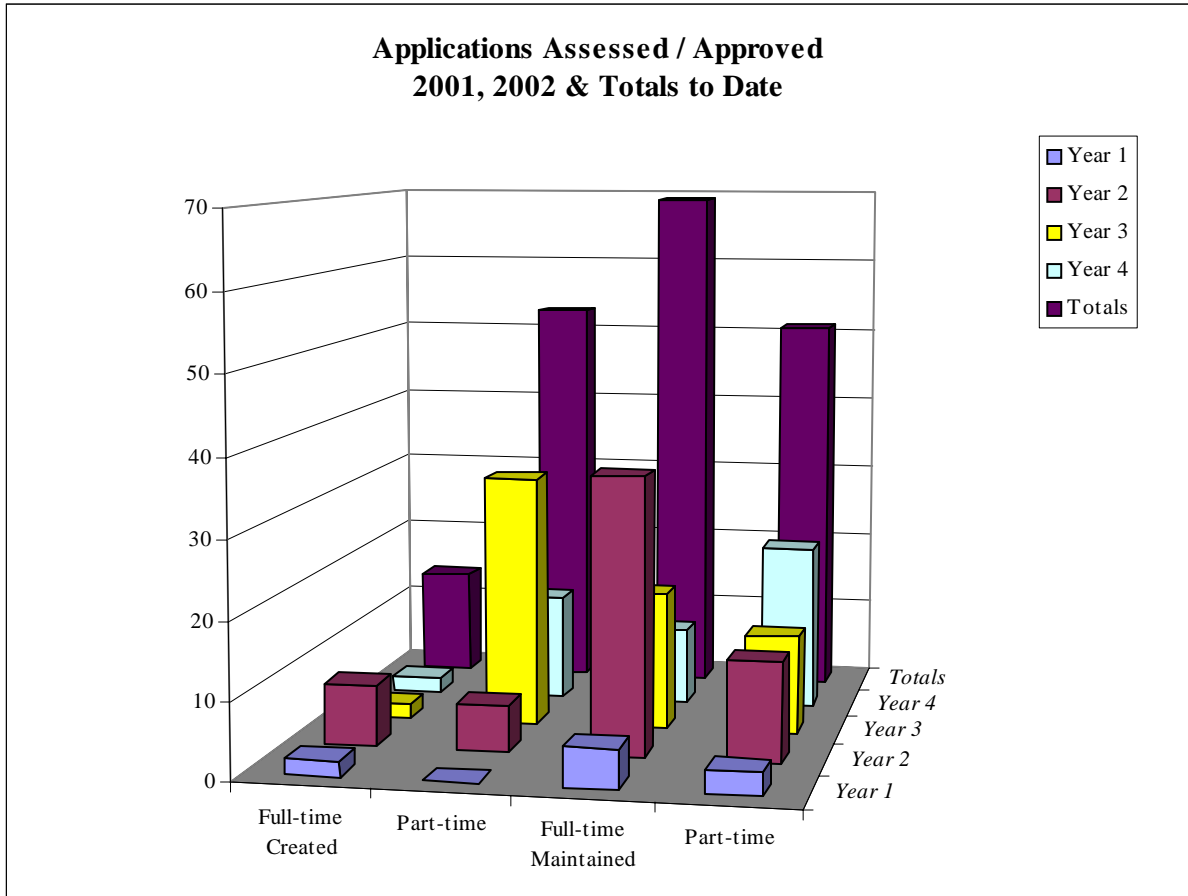
Jobs Assisted

Over the years, the funds loaned by the BDC have assisted with the creation and maintenance of many jobs. Table 7 / Figure 7 illustrate the effect the loans made by the BDC have had.

Table 7 – Jobs Assisted

	Created		Maintained	
	Full-time	Part-time	Full-time	Part-time
Year 1	2	0	5	3
Year 2	8	6	36	13
Year 3	2	33	18	13
Year 4	2	14	10	22
Totals	14	53	69	51

Figure 7 – Jobs Assisted



Assistance with Business Plans

The Economic Development Officer continues to assist many people with the preparation of their business plans that are often used to access other funds or programs. This year about five clients used the BDC to help create or enhance their business plan. They also received help with the completion of applications to RWED for financial assistance. At least eight others received help completing RWED applications for financial assistance. The applicants received \$193,500 in financial assistance as a result of those business plans and applications. In addition, two recipients of assistance in the previous year received \$32,000 during this past fiscal year.

As more people become familiar and comfortable with the BDC, we expect the demand for assistance with business plans and applications to increase. There are many different departments and agencies that have funds available for small business. Very few have the resources to walk clients through the process. The BDC fills that void whenever possible.

Monitoring and Aftercare

Given the small population of the area and how well people know each other, we have not carried out much formal monitoring in the past. However, to improve upon the success of the

local businesses and the loan portfolio of the BDC, scheduled monitoring visits will have to increase, especially as more and more loans are approved outside of Fort Simpson.

Visits give us a higher level of comfort with the client and the client with us. Problems will be dealt with as soon as they are brought to light. If they can be identified before they play a big part in the business's future through routine monitoring, the result will be even better.

Junior Achievement

The Board wishes to continue to be involved in the Junior Achievement Program. The program tries to help students understand the importance of an education and business. They acquire basic business knowledge, work experience, become more aware of the role business plays in their communities and hopefully, an attitude required to organize and operate a business. In past years the program was offered in communities outside of Fort Simpson as shown in the pictures.



It was only asked to offer one program this year. The CAPS program was delivered to a TAG class at Thomas Simpson High. We understand that the new Economic Development Officer in Fort Liard is delivering a JA program there as well.

Self-Employment Opportunities Program

The SEO program allows its clients to continue to receive Employment Insurance benefits for a period of time while they set up and run their small businesses. As with all programs, applicants must be screened to determine their eligibility and intentions before they begin. There are restrictions but overall the program is a very good one.

Education, Culture & Employment decided to put this program out to public tender for the 2001 / 2002 year and we were not the successful bidders. The program was not tendered for 2002 / 2003. The successful bidders for the previous years received an extension. We continue to try to recover the delivery of this program since it fits so well with the other services provided at the BDC.

Other

Service Canada

The BDC was successful in its proposal to be a site for the Service Canada Pilot projects being run in the NWT and throughout Canada March 2000. Through Service Canada, the Federal government is attempting to help people gain easier access to and / or find information on Government Services, by providing access to databases and web sites on the Internet, access through a 1-800 number and by providing in-person assistance with requests.



The contract initially allowed the BDC to hire one half-time person for five months and to cover a small portion of its overhead costs. The BDC's contract to provide assistance under Service Canada ended March 31, 2002. HRDC is now responsible for the delivery of the Service Canada Services in Fort Simpson

Community Support Person

The Community Support position was created at the end of Service Canada contract.

As you can see from the statistics above, some communities do not use the services related to the lending aspects of the BDC as much as others. However, there are still activities in the community that relate to business or involve economic issues.

This position can provide assistance when they undertake activities that relate to business activities that they wish to pursue. This might include the organization of workshops or seminars for the community, the writing of proposals, information sessions on various topics, assistance with government programs, etc.

Funding will be sought over the coming months to help the BDC maintain this position as we contact the various communities to determine if such a position will be useful to them. If it is needed they can help define the role of the position.

Youth Development Officer

In April 2000, the BDC submitted a proposal to the Canadian Rural Partnership team to ask for funding to hire a Youth Development Officer. We received word in October 2000 that the team had decided to contribute \$50,000 towards the project. We then had to approach other departments / agencies in Fort Simpson to help with the remainder of the expected costs since the BDC's budget is not sufficient to cover all of them. HRDC decided to contribute \$12,000 to \$14,000 to the project and we hired Tonya Makletzoff in September 2001.

The purpose of the project is to address the problems that the youth of the region may have in accessing programs / funding intended to help them start their projects and to provide support to them as they endeavor to start and run their businesses. The Youth Development Officer is committed to the needs of youth in the region.

She is responsible for helping youth of the region through the various stages of business start-up / expansion. She can aid in the preparation of applications / business plans, provide support and encouragement throughout the process, help make the appropriate contacts and continue to help after the business receives funding by helping to set up the books, assisting with the registering of the company and discussing any problems that may arise.



Around the time the position was filled, it was decided that we would host a Youth Business Conference in Fort Simpson. Initially it was to be for the youth of the region but it was soon expanded to include the whole NWT. Goals and objectives of the conference included encouraging interest in Entrepreneurship among youth as a viable career option in the NWT, increase the youths business skills and knowledge, increase youth self-confidence, provide information regarding funding sources and educational opportunities, provide information about the changing economy, and to introduce them to successful role models in an open forum among others.

Funding was sought from a wide variety of sources including various territorial and federal departments and private sources as well. There was a good response from the proposals submitted and sufficient funding was found to host a great conference.

Posters and ads were designed, produced and distributed throughout the territories. Registrants came from all over the NWT, Fort Smith to Tuktoyuktuk. Approximately 74 people registered for the conference. Speakers were brought in from all over Canada, Vancouver to Nova Scotia. The conference was a great success. We hope to host a second conference next year although the timing will be a little different. We found that early April was not a good time for various reasons.

Chamber of Commerce

Sean Whelly, the Business Development Officer / Loans Officer has also been the Secretary / Treasurer for the Fort Simpson Chamber of Commerce for the past four years. Sean prepares the Chamber's monthly meeting packages including the minutes, maintains the financial records, completes revisions to the Chamber's web site, responds to visitor requests received by the Chamber, takes the Chamber's minutes, completes applications for financial assistance and arranges for and often participants in trade show activities that promote the Chamber and the community of Fort Simpson.



A large portion of the photocopying and faxing required by the Chamber is often done at cost at the BDC. The BDC also supports the Chamber in other ways such as attending Trade Shows as shown above.

Financial Statements

2001 / 2002