

NUNAVUT BUSINESS CREDIT CORPORATION

ANNUAL REPORT 2018/2019



"Lender of Northern Opportunity"







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MESSAGE FROM THE CHAIRPERSON



On behalf of the Board of Directors of the Nunavut Business Credit Corporation (NBCC), it is our pleasure to present the Annual Report for 2018/2019.

My fellow Board Members and I are proud of the progress that the organization continues to make.

The Board worked hard this year to continue to strengthen the Corporation's foundation by refreshing its strategic plan and refreshing its website. A client portal is in the works for 2019/2020.

The Board also ensured that with recent additions to the Board that all Board members and staff have a good understanding of corporate governance and Inuit Qaujimajatuqangit in the workplace. Both a Board member and a staff member also attended the 14th Crown Corporate Governance event, which was an event that four Board members attended last year.

NBCC continues to increase its brand awareness by, once again, attending all three Regional Trade Shows, as well as being a sponsor.

NBCC continues to support businesses in all three regions and our staff continue to be actively engaged in providing on-going advice and assisting business owners in all aspects of their operations. We succeed when our clients succeed.

NBCC's portfolio decreased again this year due to five credit facilities paid in full. Most of these clients have "graduated" to the next level of financing, as these clients were able to obtain financing from major Canadian chartered banks. Our congratulations go to these clients and we wish them continued success.

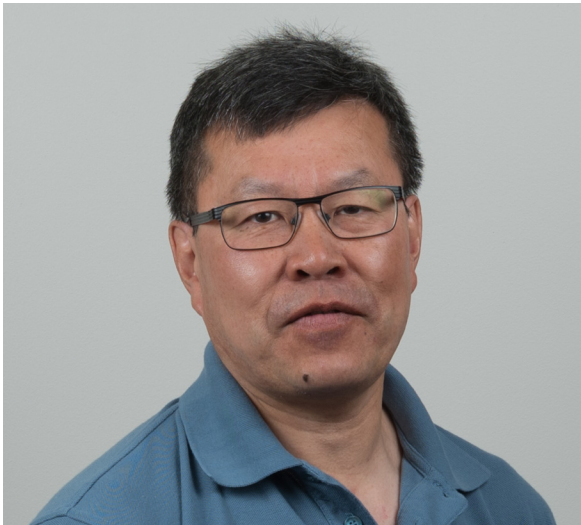
The Board looks forward to continued success to all of the Corporation's clients.

Respectfully,

Marg Epp



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



The outlook for Nunavut's economy continues to be positive due to the expectation that three gold mines will become operational over the next five years. The construction of these gold mines should also support growth in the economy over the short-term.

In addition, the Government of Nunavut's capital plan continues to remain at about \$200 million annually. This will likely not change significantly over the short to medium-term.

New technologies, alternative energy, and research activity will bring different business opportunities to Nunavut. Support services will be required for research activity, which may encourage entrepreneurs to start-up new businesses.

There is a desire to provide more elder care services in the territory rather than in the south.

This may present business opportunities to provide elders care facilities in the territory.

Our team continues to support our clients in any manner possible. We were able again to visit a number of clients this year in their communities and gain a better understanding of the challenges and opportunities that they are facing.

Our clients are positive about the outlook for our territory and as noted earlier, the Corporation is positive about 2019/2020.

The Corporation, once again, looks forward to another productive year.

Yours truly,

Peter Ma, CPA, CA

Chief Executive Officer



MANDATE AND MISSION

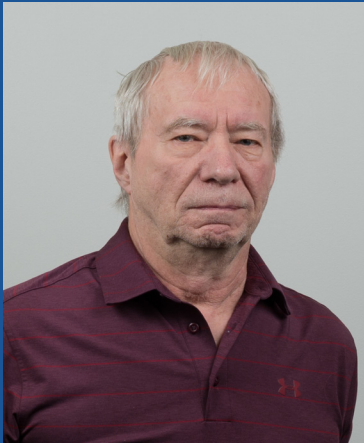
The Mandate of Nunavut Business Credit Corporation (NBCC) is to:

- Function as an agent of the Government of Nunavut (GN) to stimulate economic development and employment in Nunavut by supporting, financing, and investing in resident business enterprises. NBCC does not offer grants or forgivable credit facilities and cannot make equity investments.
- As a lender of northern opportunity, NBCC provides financing alternatives to small and medium business enterprises in Nunavut for whom access to credit represents a real challenge to growing their businesses. The majority of NBCC's clients are established businesses looking to expand or better establish themselves in their markets. NBCC also accepts applications for new businesses.
- Working one on one with its clients, NBCC through its due diligence process gives careful consideration to each application to ensure that the merits of proposed business ventures are evaluated. The Corporation then provides financing for those projects that offer the best opportunities for success.

NBCC's mission is to:

- Stimulate employment and economic development throughout Nunavut. NBCC provides businesses with financing if they are unable to obtain loans from other financial institutions on reasonable terms and conditions.
- As a business development agency, NBCC recognizes that access to adequate capital is one of the many challenges faced by northern businesses in their attempts to take advantage of economic opportunities.
- As an agent of the Government of Nunavut, NBCC strives to contribute to the government's mandate, Turaaqtavut.

MEMBERS OF THE BOARD



AL LAHURE



DONALD HAVIOYAK



GREG CAYEN



MARG EPP



NASTANIA MULLIN



PHILLIP OTUKOL



TOMMY OWLJOOT



TRACY WALLACE



CORPORATE GOVERNANCE

Territorial Corporation

- NBCC is a territorial corporation of the Government of Nunavut. NBCC came into existence on April 1, 1999 by virtue of section 29 of the Nunavut Act (Canada). The Nunavut Business Credit Corporation Act defines its legal and operational structure and its Regulations guide key aspects of its operations.
- NBCC reports formally to the Minister responsible for Nunavut Business Credit Corporation. Historically, the Minister of Economic Development and Transportation is also the Minister responsible for Nunavut Business Credit Corporation.
- NBCC, like other territorial corporations, is subject to Part IX of the Financial Administration Act.

Board of Directors

- Corporate policy and oversight is set by NBCC's Board of Directors (the "Board").
- The Commissioner-in-Executive Council appoints members of the Board on the recommendation of the Minister responsible for Nunavut Business Credit Corporation. The Minister responsible for Nunavut Business Credit Corporation bases his recommendation on solicitations of his Executive Council colleagues, other Members of the Legislative Assembly, and the general public.
- Members of the Board have been chosen to reflect a cross-section of relevant backgrounds and representation across the territory with at least two members from each of the Kitikmeot, Kivalliq, and Qikiqtaaluk regions.
- In the interests of transparency, accountability, and potential conflicts of interest (perceived and actual), Board members may not hold a NBCC credit facility and no member may work for the Department of Economic Development and Transportation.

Board Members

NAME OF MEMBER	POSITION	COMMUNITY	CURRENT TERM EXPIRES
Marg Epp	<i>Chairperson</i>	<i>Cambridge Bay</i>	<i>July 7, 2019</i>
Tracy Wallace	<i>Vice-Chairperson</i>	<i>Rankin Inlet</i>	<i>July 6, 2019</i>
Al Lahure	<i>Director at Large</i>	<i>Baker Lake</i>	<i>August 30, 2020</i>
Tommy Owljoot	<i>Director at Large</i>	<i>Arviat</i>	<i>May 31, 2021</i>
Greg Cayen	<i>Director at Large</i>	<i>Iqaluit</i>	<i>May 31, 2021</i>
Donald Havioyak	<i>Director at Large</i>	<i>Kugluktuk</i>	<i>July 7, 2019</i>
Nastania Mullin	<i>Director at Large</i>	<i>Iqaluit</i>	<i>September 7, 2020</i>
Philip Okutol	<i>Director at Large</i>	<i>Iqaluit</i>	<i>September 7, 2020</i>

Together, the Board members represent a breadth of complementary skills and knowledge in business development, industry sectors, lending practices, and Canada's North. All Board members reside in Nunavut and have a depth of knowledge in at least one of the three territorial regions.

Although situated in Nunavut's capital, NBCC has a mandate that extends across the territory. It is therefore important to have strong northern representation on the Board as NBCC sets out to achieve its mandate to benefit Nunavummiut.

Board committees provide oversight and guidance to address key aspects of NBCC's operations and activities. Each committee has Terms of Reference approved by the Board to guide its activities and priorities. Committee members are selected from the Board as a whole, depending upon their experience and interests.

Statutory Reporting

Ministerial Directive(s)

- Section 78(7) of the Financial Administration Act (Nunavut) requires NBCC to report any Ministerial directives issued or in place during the fiscal year.
- There were no Ministerial directives in place during 2018/2019.

Recommendations by Board of Directors to Minister of Credit Facilities

- Section 30 (1) of the Nunavut Business Credit Corporation Act requires the Board to recommend to the Minister that any credit facilities greater than \$500,000 be either approved or rejected.
- Section 30 (2) of the Nunavut Business Credit Corporation Act requires the Minister to either approve or reject the credit facilities recommended under Section 30 (1) by the Board.
- On June 11, 2018, the Minister delegated his authority to the Deputy Minister of Economic Development and Transportation.
- In 2018/2019, the Board submitted nineteen (2018 – fifteen) recommendations to the Minister for new, amended, and renewed credit facilities in the amount of \$10,235,947 (2018 – \$7,439,483), all of which were approved by the Minister.



Minister David Akeegok

Credit Facilities approved or rejected by Board of Directors

- Section 30 (3) of the Nunavut Business Credit Corporation Act requires the Board to either approve or reject any credit facilities equal to or less than \$500,000. In 2018/2019, the Board approved one (2018 – nil) new credit facility in the amount of \$147,809 (2018 – \$nil). The Board approved one (2018 – two) existing term loan for renewal. The Board approved four existing lines of credit for renewal (2018 – three). The Board did not approve the conversion of any existing lines of credit to term loans (2018 – nil). There were two increases (2018 – nil) to credit facilities totaling \$160,000 (2018 – \$nil) and no (2018 – nil) credit facilities were rejected.

Reviews by the Minister of Credit Facilities under Section 30 (3) (b)

Because there were no credit facilities rejected under Section 30 (3) in 2018/2019 by the Board, there were no applications to the Minister for a review.

Letter of Expectation

The Minister provides an annual letter of expectation to the Corporation.

To see the Minister's 2018/2019 annual letter of expectation, please go to:

[https://assembly.nu.ca/sites/default/files/TD-39-5\(2\)-EN-Letters-of-Expectations-to-Crown-Agencies.pdf](https://assembly.nu.ca/sites/default/files/TD-39-5(2)-EN-Letters-of-Expectations-to-Crown-Agencies.pdf).

To see the Corporation's response, please go to:

[https://assembly.nu.ca/sites/default/files/TD-104-5\(2\)-EN-Responses-to-Letters-of-Expectations-for-2018-2019.pdf](https://assembly.nu.ca/sites/default/files/TD-104-5(2)-EN-Responses-to-Letters-of-Expectations-for-2018-2019.pdf).



STAFF

NBCC has six permanent positions based at its location in Iqaluit. The positions are:

- **CHIEF EXECUTIVE OFFICER**
- **SENIOR ADVISOR, BUSINESS SERVICES**
- **ACCOUNTS MANAGER**
- **COMPLIANCE OFFICER (2)**
- **ADMINISTRATIVE ASSISTANT**

As at March 31, 2019, one of the Compliance Officer positions and the Administrative Assistant position were vacant.

Providing professional development opportunities to its staff is a priority to ensuring NBCC's success and staff retention.

In 2018/2019, staff:

- Took courses leading to a Certificate in Accounting
- Took courses from the Credit Institute of Canada
- Undertook additional training on the Corporation's loan administration software, The Exceptional Assistant (TEA)
- Took training on the Corporation's Board portal software, Diligent



Angela Barkhouse



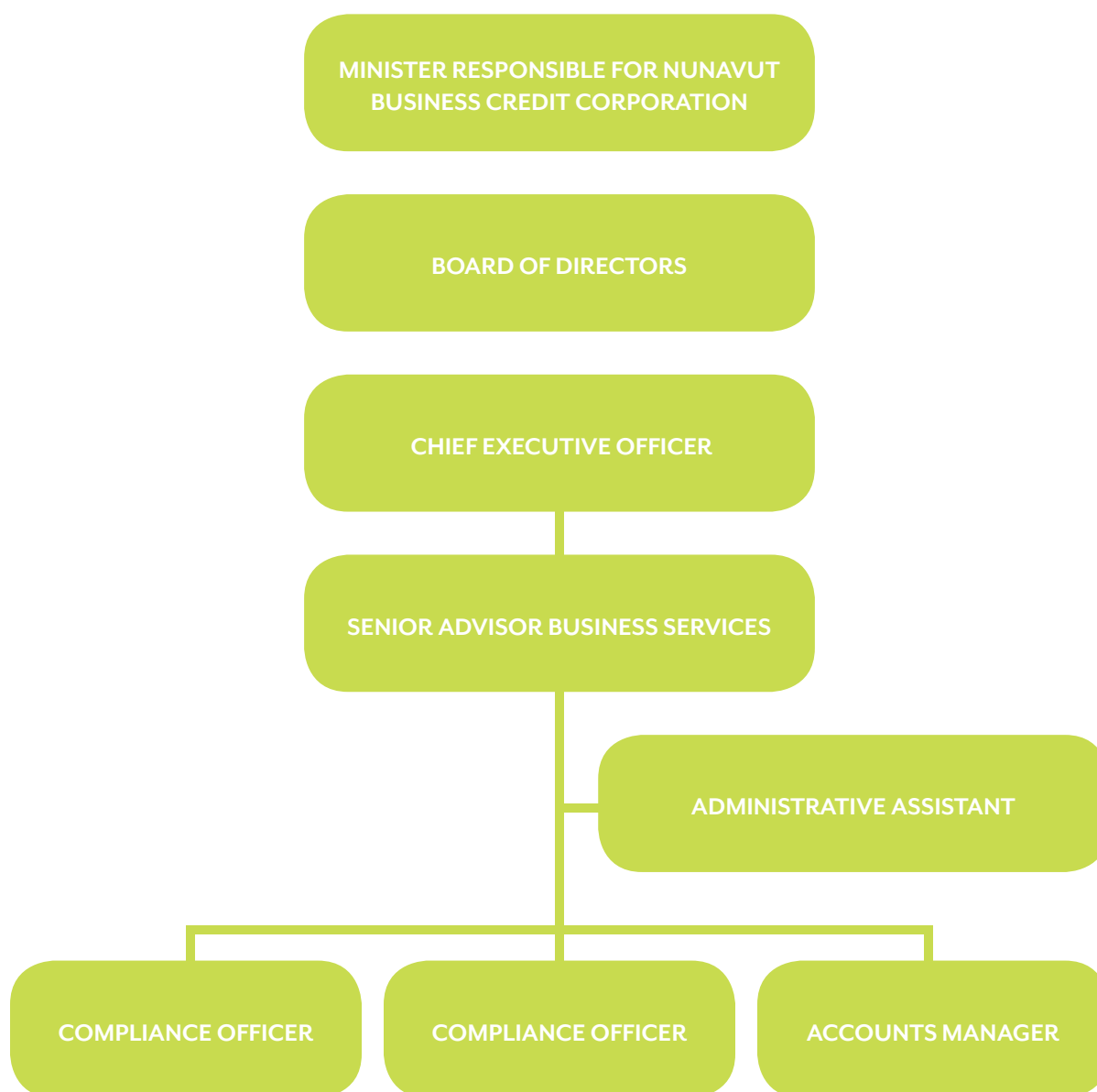
Damian Lachance



Dushyenth Ganesan

Corporate Accountability Chart

The Corporation's reporting relationships are shown in the following organization chart:



Note: All positions are located at NBCC's headquarters in Iqaluit.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Year in Review

The Corporation's number of performing clients decreased to 32 (2018 – 34). There are 14 (2018 – 13) non-performing clients, two of whom pre-date the creation of Nunavut.

The Corporation increased its specific allowance by \$381,461 (2018 – \$259,521). The general allowance was decreased by \$86,108 (2018 – \$27,722).

Looking Ahead

The liquidation of assets of two of three non-performing clients, which commenced in prior years, concluded in 2018/2019. The receiver for the third non-performing client is waiting on a Court date from the Nunavut Court of Justice to obtain consent to distribute the remaining funds to the Corporation.

This leaves one non-performing client from prior years, which the Corporation will work collaboratively with to liquidate assets.

In 2018/2019, two additional clients became non-performing. The Corporation has begun the process of how best to liquidate the assets of one of the clients and is working collaboratively with the second client to determine a restructuring plan.

Through its relationship with its sister corporation, Nunavut Development Corporation, and Memoranda of Understanding with Kitikmeot Community Futures Inc., Baffin Business Development Corporation, and Atuqtuarvik Corporation, the Corporation will continue to pursue new clients in a collaborative manner.

The Corporation is optimistic about Nunavut's economy and continues to be encouraged by positive developments in the mining sector. Growth for Nunavut will need to come from new sectors, such as technology, alternative energy, research, and tourism.

Key Highlights 2018/2019

- Refreshed Strategic Plan for 2019/2020 to 2021/2022
- Refreshed website (<https://www.nbcc.nu.ca/>)
- Launch of a Board portal
- Ongoing Board training, which included sessions on corporate governance and Inuit Qaujimagatuqangit in the workplace and attendance at the 14th Crown Corporate Governance event
- Ongoing professional development of staff
- Sponsorship and attendance at the following:
 - » *Nunavut Trade Show, including being a presenter*
 - » *Kivalliq Trade Show*
 - » *Kitikmeot Trade Show*
- Presenter at the Qikiqtaaluk Community Economic Development Officers Conference
- Presenter at the Kivalliq Community Economic Development Officers Conference
- Presenter at the Kitikmeot Community Economic Development Officers Conference
- Presenter at the Iqaluit Chamber of Commerce Small Business Week
- Repayment of \$7,000,000 of the advance from Government of Nunavut

SUMMARY OF FINANCIAL RESULTS

Current Year's Results

The Corporation posted a surplus of \$172,260 (2018 – \$39,527) for the year ended March 31, 2019. The accumulated deficit as at March 31, 2019 totaled \$1,084,145 (2018 – \$1,256,405).

Revenues

NBCC underperformed its 2018/2019 budget estimate for revenues by \$65,308 (2018 - \$86,519).

REVENUES	2019 BUDGET		2019 ACTUAL		2018 ACTUAL
INTEREST INCOME ON LOANS RECEIVABLES	\$	1,200,000	\$	1,112,049	\$ 1,072,681
OTHER INTEREST INCOME		32,000		54,643	70,800
TOTAL REVENUES	\$	1,232,000	\$	1,166,692	\$ 1,143,481

There was no significant change in revenues from 2017/2018. The 2018/2019 budget estimate was based upon a performing loan portfolio of \$20 million, with an average interest rate of 6%.

Contributions

CONTRIBUTIONS	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
GOVERNMENT OF NUNAVUT – CORE FUNDING	\$ 873,000	\$ 860,286	\$ 859,547
TOTAL CONTRIBUTIONS	\$ 873,000	\$ 860,286	\$ 859,547

NBCC underperformed its 2018/2019 budget estimate for contributions by \$12,714 (2018 – outperformed – \$21,336). The services provided without charge component fluctuates on an annual basis based upon an allocation calculation performed by the GN.

Operating Expenses

NBCC outperformed its 2018/2019 budget estimate for operating expenses by \$336,431 (2018 – \$232,937), exclusive of allowance for losses on loans and interest expense on advance from Government of Nunavut.

OPERATING EXPENSES	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
Salaries and benefits	\$ 1,000,000	\$ 742,687	\$ 775,947
Professional fees	110,000	78,424	119,196
Facilities expenses	100,000	92,036	92,036
Office expenses	30,000	32,127	27,815
Board meetings	50,000	39,677	49,264
Travel	70,000	31,215	67,905
Advertising and promotion	60,000	76,189	86,129
Board honoraria	35,000	22,775	38,575
Training and development	25,000	33,200	45,964
Amortization	23,000	15,211	30,772
Other expenses	1,000	4,028	1,556
Loss on disposal of fixed assets	-	-	61,904
Total operating expenses	\$ 1,504,000	\$ 1,167,569	\$ 1,397,063

Salaries and benefits

The Corporation was under-budget because two positions were vacant in 2019. The 2018/2019 actual was slightly below the 2017/2018 actual.

Professional fees

Professional fees decreased in 2019 primarily because the Corporation migrated from an external service provider for computer network services to the GN's Department of Community and Government Services core business network. This migration resulted in a savings of \$55,377, which was offset by the software license for the Board portal of \$16,432. Legal fees decreased by \$10,294 while consulting fees increased by \$9,614. Details on consulting fees are noted in the Contracting, Procurement, and Leasing Activities section of the annual report.

Facilities expenses

This amount reflects a service provided without charge by the Government of Nunavut, which is the lease cost of the Corporation's office space in Iqaluit.

Office expenses

Office expenses increased slightly because of vehicle repairs.

Board meetings

In 2018/2019, fewer Board members attended the in-person Board meetings, which reduced travel costs. At the same time, the number of Iqaluit Board members increased from one to three, which further helped in reducing travel costs.

Travel

The Corporation continues to use travel to trade shows as opportunities to meet with prospective and current clients. Travel decreased mainly because there was not as much of a need to meet with prospective or current clients.

Advertising and promotion

Most of the costs to refresh the Corporation's website were incurred in 2017/2018, thus there was decrease of \$13,068 year-over-year. A total of \$30,612 was spent on refreshing the Corporation's website, with \$8,772 in 2018/2019 and \$21,840 in 2017/2018.

Trade show expenditures decreased by \$10,626 (2019 - \$15,137; 2018 - \$25,763) because the Corporation did not attend the 2019 Nunavut Mining Symposium (\$2,505) and the Northern Lights (\$9,963) is a bi-annual event. In 2017/2018, the Corporation also spent \$3,340 to sponsor the Iqaluit Chamber of Commerce's Small Business Week.

Conversely, the Corporation spent \$5,182 more to sponsor the three regional trade shows – Nunavut Trade Show (2019 - \$5,337; 2018 - \$2,725), Kivalliq Trade Show (2019 - \$3,325; 2018 - \$2,300), and Kitikmeot Trade Show (2019 - \$6,475; 2018 - \$4,930).

In addition, membership fees decreased by \$1,747 (2019 - \$2,432; 2018 - \$4,179) because the Nunavut Economic Forum was no longer functional.

Finally, due to the vacancies on the Board, calls for expressions of interest for Board members were conducted in 2018/2019 and 2017/2018. In 2018/2019, \$25,148 was spent, while \$10,972 was spent in 2017/2018. This resulted in an increase of \$15,501 from 2017/2018 to 2018/2019.

Board honoraria

Board honoraria decreased because four Board members attended the 13th Crown Corporate Governance event and Northern Lights in 2017/2018. In addition, there were only nine Board meetings in 2018/2019 compared to twelve in 2017/2018.

Training and development

There was a decrease from 2017/2018 to 2018/2019 because four Board members attended the 13th Crown Corporate Governance event in the prior year, while only one Board member and one staff attended the event in the current year.

Amortization

Amortization decreased in 2018/2019 due to tangible capital assets being deemed surplus as a result of the migration to the GN's core business network. Please also refer to comments under Professional fees and Loss on disposal of fixed assets.

Loss on disposal of fixed assets

Upon migration to the GN's core business network in late 2017/2018, the Corporation had to switch to the GN's standard for desktops and monitors, which resulted in the disposal of certain tangible capital assets. Transactions of this nature did not occur in 2018-2019.

Interest expense on advance from Government of Nunavut

Interest expense on advance from Government of Nunavut increased to \$391,796 from \$356,428, due to an increase in interest rates in the Government of Canada Benchmark Bond Yields – 3 year. Yields have increased 1.25% since May 24, 2017.

The Corporation was able to keep interest expense on advance from Government of Nunavut within budget by repaying \$7,000,000 on advance from Government of Nunavut.

Interest expense	2019 Budget	2019 Actual	2018 Actual
<i>Interest expense on advance from Government of Nunavut</i>	\$ 400,000	\$ 391,796	\$ 356,428

Allowance for Losses on Loans

NBCC underperformed its 2018/2019 budget estimate for provision for credit losses by \$145,353 (2018 – overperformed – \$18,201).

CREDIT LOSSES	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
<i>Allowance for losses on loans</i>	\$ 150,000	\$ 295,353	\$ 231,799

The allowance for losses on loans is based upon a review of all client credit facilities. The allowance represents management's best estimate of probable credit losses based upon historical experience. The total allowance for 2018/2019, which includes both of the general and specific allowances is \$4,056,163 (2018 – \$3,760,810), which is a \$295,353 increase (2018 – increase of \$231,799) over the previous year.

Specific Allowance on Non-performing Loans

The Corporation's overall specific allowance on non-performing loans was \$3,798,479 (2018 – \$3,417,018) at year-end, which is an increase of 11.2% (2018 – 8.2%) from 2017/2018.

A total of fourteen (2018 – thirteen) credit facilities have specific allowances, which is 26.9% (2018 – 24.5%) of the total credit facilities of 52 (2018 – 53). These fourteen credit facilities encompass seven (2018 – six) different communities. The Corporation currently has credit facilities in nine (2018 – ten) different communities.

Management reviews the portfolio on a regular basis to determine if any credit facilities should be classified as impaired. During 2018/2019, specific allowances on six credit facilities (2018 – four) were either newly established or adjusted for a total amount of \$381,461 (2018 - \$259,521).

Specific allowances were provided on two additional (2018 – one) credit facilities in the amount of \$624,539 (2018 – \$125,000). The specific allowance on three credit facilities (2018 – one) was reduced by \$246,666 (2018 – \$32,479) as the recovery value of the security held was greater than anticipated. The specific allowance on one credit facility (2018 – two) was increased by \$3,588 (2018 – \$167,000).

General Allowance on Performing Loans

A general allowance on performing loans is calculated each year to provide for possible impairments within the overall credit facility portfolio after taking into account specific allowances. The general allowance on performing loans is calculated as the total loans receivable, less the specific allowance on non-performing loans at the end of the fiscal year, less any payout of loan balances after year end and is multiplied by 2%.

The general allowance on performing loans for 2018/2019 is \$257,684 (2018 – \$343,792), which is a decrease of \$86,108 or 25.0% (2018 – decrease of \$27,722; 7.5%) from 2017/2018.

Write-offs

Under the provisions of the Financial Administration Act, the outstanding principal and interest on a loan can be approved for write-off by the Corporation's Board of Directors if the total outstanding on a loan is \$20,000 or less; or by the Legislative Assembly of Nunavut if the total outstanding on a loan is over \$20,000. A loan written-off is still subject to collection action.

There were no credit facility write-offs during the year. However, subsequent to year-end, six credit facilities were written-off pursuant to Bill 24. The total amount written-off was \$929,229, which was comprised of principal of \$897,223, interest of \$25,767, and protective disbursements of \$6,239.

CONTRACTING, PROCUREMENT, AND LEASING ACTIVITIES

Contracting, Procurement and Leasing Activities

The Corporation issued one Invitational RFP in 2018/2019 for facilitation of a refreshed strategic plan. In addition, the Corporation issued sole source contracts for proprietary software, promotional products, and professional services.

The Corporation's office in the Parnaivik Building in Iqaluit is leased through the Department of Community and Government Services. The facility expense for 2018/2019 was \$92,036 (2018 – \$92,036).

The majority of the Corporation's expenditures that are subject to contracting and procurement activity are professional services. Professional services include legal services, translation services, and communications services.

The total amounts of contracts issued to vendors were as follows:

COMMUNITY	VENDOR	TYPE OF SERVICE	AWARD METHOD	2019 ACTUAL	2018 ACTUAL	INUIT OWNED FIRM	NNI
Iqaluit	Dubuc Osland	Legal	Sole Source	\$ 23,066	\$ 30,009		
Iqaluit	Secure North IT Solutions Inc.	Information technology	Sole Source	0	54,694		
Iqaluit	Outcrop Nunavut	Communication	Standing Offer Agreement	17,812	11,779		*
Iqaluit	Katittut	Communication	Standing Offer Agreement	9,720	21,840		
Iqaluit	Institute on Governance	Board training	Sole Source	8,407	0		
Iqaluit	Consulting Matrix	Consulting	Invitational RFP	17,290	0		
Iqaluit	Business Development Bank of Canada	Consulting	Sole Source	0	13,500		
Iqaluit	Common Goals Software	Training	Sole Source	6,251	4,855		
Iqaluit	Eileen Kilabuk-Weber	Translation	Sole Source	7,397	0		
Iqaluit	Parenty Reitmeier, Inc.	Translation	Sole Source	0	7,750		
Iqaluit	Festival Promotions	Promotional products	Sole source	0	2,225		
Iqaluit	Pegatrix Promotions	Promotional products	Sole source	0	3,065		
Iqaluit	4imprint	Promotional products	Sole source	8,970	5,594		
Iqaluit	Diligent	Software	Sole source	19,297	0		
TOTALS				\$ 118,210	\$ 155,311		

LOAN PORTFOLIO

Portfolio Activity

The number of credit facilities decreased by one to 52 (2018 – 53), while the number of clients also decreased by one to 46 (2018 – 47).

Two (2018 – two) new lines of credit were approved totaling \$1,340,000 (2018 – \$600,000). At year-end, \$660,679 (2018 – \$136,005) had been drawn upon.

One (2018 – one) existing lines of credit was increased by \$150,000 (2018 – \$50,000) at renewal. Six (2018 – eight) other lines of credit were renewed totaling \$3,300,000 (2018 – \$4,550,000). Two (2018 – four) lines of credit totaling \$1,101,267 (2018 – \$2,198,098) were paid out.

A standby letter of credit of \$300,000 (2018 – \$300,000) was renewed for one client (2018 – one).

There were six (2018 – one) new term loans approved in 2018/2019 totaling \$2,285,342 (2018 – \$650,000). There was two (2018 – one) clients that had increases to their term loans approved totaling \$85,000 (2018 – \$345,000). Five (2018 – four) term loans totaling \$3,298,577 (2018 - \$1,516,328) were renewed. One (2017 – three) existing line of credit of \$150,000 (2018 – \$750,000) was converted into a term loan. Three (2018 – three) term loans totaling \$1,239,896 (2018 – \$546,335) were paid out in full during the year.

Disbursements of Credit Facilities

The following new credit facilities had cash advances in 2018/2019:

- **BLACK HEART CAFÉ INC.**
- **CHOU CONSULTING AND DEVELOPMENT INC.**
- **6999514 CANADA INC.**
- **5514 NUNAVUT INC.**

Portfolio Risk Management

To minimize risk in its portfolio, the Corporation diversifies its credit facilities by community and by industry sector. Information in this regard is provided in the tables that follow.

Because the Corporation can only legislatively lend to a maximum of \$1,000,000 to any one business enterprise or group of related enterprises, it employs risk management to individual clients in terms of credit facility amounts. Within individual clients, the Corporation secures its credit facilities with clients' assets.

Portfolio Activity by Community

The Corporation has the ability and mandate to provide credit facilities to every community in Nunavut. At year-end, the Corporation had outstanding credit facilities in nine (2018 – ten) of Nunavut's twenty-five communities.

The nine communities with outstanding credit facilities are Cambridge Bay and Kugluktuk in the Kitikmeot region; Arviat, Coral Harbour, and Rankin Inlet in the Kivalliq region; and Clyde River, Pangnirtung, Iqaluit, and Cape Dorset in the Qikiqtaaluk region.

The tables below provide information on the type and amount (principal only) of the credit facilities in each community.

Qikiqtaaluk Region

REGION	2018/2019				2017/2018			
Community	Term Loans	Lines of Credit	Total Amount	% of Portfolio	Term Loans	Lines of Credit	Total Amount	% of Portfolio
QIKIQTAALUK								
Cape Dorset	3	1	1,282,389	6.5	2	1	1,101,563	5.1
Clyde River	2	-	1,112,146	5.6	2	-	1,142,716	5.3
Iqaluit	24	7	10,982,906	55.6	23	8	12,030,220	55.5
Pangnirtung	1	-	143,114	0.7	1	-	139,593	0.6
Qikiqtarjuaq	-	-	-	-	1	-	254,574	1.2
Qikiqtaaluk – Total	30	8	13,520,555	68.4	29	9	14,668,666	67.7

Kivalliq Region

REGION	2018/2019				2017/2018			
Community	Term Loans	Lines of Credit	Total Amount	% of Portfolio	Term Loans	Lines of Credit	Total Amount	% of Portfolio
KIVALLIQ								
Arviat	1	-	537,897	2.7	2	-	750,571	3.5
Coral Harbour	2	-	997,841	5.0	2	-	997,841	4.6
Rankin Inlet	3	-	1,179,013	6.0	3	-	1,212,670	5.6
Kivalliq - Total	6	-	2,714,751	13.7	7	-	2,961,082	13.7

Kitikmeot Region

REGION	2018/2019				2017/2018			
Community	Term Loans	Lines of Credit	Total Amount	% of Portfolio	Term Loans	Lines of Credit	Total Amount	% of Portfolio
KITIKMEOT								
Cambridge Bay	5	1	2,086,714	10.6	4	2	2,458,057	11.4
Kugluktuk	2	-	1,426,267	7.3	2	-	1,558,262	7.2
Kitikmeot - Total	7	1	3,512,981	17.9	6	2	4,016,319	18.6

TOTAL								
Total Loan Portfolio	43	9	19,748,287	100.0	42	11	21,646,067	100.0

Portfolio Activity by Industry

The Corporation as part of its portfolio risk management strategy diversifies its credit facilities by industry. At year-end, the Corporation's credit facilities (principal only) by industry sector is identified in the table below.

	2018/2019				2017/2018			
Industry	Term Loans	Lines of Credit	Total Amount	% of Portfolio	Term Loans	Lines of Credit	Total Amount	% of Portfolio
PERFORMING LOANS								
Aviation	-	1	99,981	0.5	-	1	-	-
Construction	8	4	6,359,199	32.2	5	6	5,384,179	24.9
Fisheries	-	-	-	-	1	-	254,574	1.2
Hospitality	6	-	2,372,601	12.0	6	-	2,405,565	11.1
Real Estate	2	1	768,274	3.9	3	-	1,411,755	6.5
Retail	3	1	1,108,798	5.6	4	1	2,082,337	9.6
Service	8	2	2,935,820	14.9	9	2	4,781,143	22.1
Transportation	2	-	493,316	2.5	1	1	773,040	3.6
Total – Performing	29	9	14,137,989	71.6	29	11	17,092,593	79.0
Non-Performing	14	-	5,610,298	28.4	13	-	4,553,474	21.0
Total Loan Portfolio	43	9	19,748,287	100.00	42	11	21,646,067	100.0

LENDING REQUIREMENTS

Generally, Canadian chartered banks, but particularly in Nunavut, do not provide credit facilities for start-up businesses or businesses without a history of successful operation.

This has changed recently in Nunavut due to the entrance of Atuqtuarvik Corporation and First Nations Bank of Canada, which is 17.66% owned by Atuqtuarvik Corporation. Nunavut Tunngavik Incorporated is the sole shareholder of Atuqtuarvik Corporation and is the signatory to the Nunavut Agreement.

The Corporation can provide credit facilities as follows:

- Loans to business enterprises;
- Guarantee loans made by financial institutions to business enterprises;
- Provide bonds to resident business enterprises; and
- Indemnify bonds provided by bonding companies to resident business enterprises to a maximum of \$1,000,000 to any one business enterprise or to any related business enterprises.

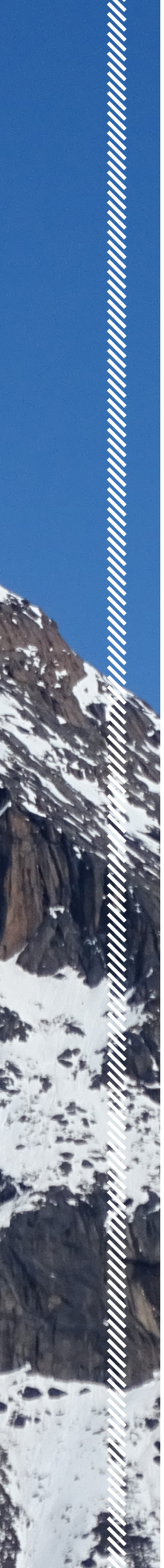
With respect to loans, the Corporation provides lines of credit and term loans.

- Lines of credit must be renewed annually.
- For term loans, the maximum term available is five years while the amortization period can be as long as twenty-five years.

Interest rates are set at the cost of borrowing plus a risk adjustment factor that can range from 0% to 5%.

- The cost of borrowing is the rate that the Government of Nunavut charges the Corporation for its working capital loan.
- The interest rate that the Corporation charges its clients is the interest rate in effect on the first day of the quarter in which the Corporation's Board of Directors approved the credit facility plus the applicable risk adjustment factor.





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NUNAVUT BUSINESS CREDIT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

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NUNAVUT BUSINESS CREDIT CORPORATION

FINANCIAL STATEMENTS

March 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of Nunavut Business Credit Corporation (the Corporation) and all information in this annual report are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors.

Management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting standards (PSAS). The financial statements include amounts, such as the allowance for losses on loans and the provision for employee future benefits, which are based on management's best estimates and judgment.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized and recorded, assets are safeguarded and controlled, and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information, and adherence to the Corporation's policies and statutory requirements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The external auditors have full and free access to the Board of Directors.

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



Peter Ma, CPA, CA
Chief Executive Officer

June 10, 2019

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Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Nunavut Business Credit Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Nunavut Business Credit Corporation, which comprise the statement of financial position as at 31 March 2019, and the statement of operations and accumulated deficit, statement of change in net debt and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nunavut Business Credit Corporation as at 31 March 2019, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Nunavut Business Credit Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Nunavut Business Credit Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Nunavut Business Credit Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nunavut Business Credit Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nunavut Business Credit Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nunavut Business Credit Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nunavut Business Credit Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Nunavut Business Credit Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Nunavut Business Credit Corporation Act* and regulations, and the by-laws of the Nunavut Business Credit Corporation.

In our opinion, the transactions of the Nunavut Business Credit Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act* of Nunavut, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Nunavut Business Credit Corporation and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Nunavut Business Credit Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Nunavut Business Credit Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Michael B. Robichaud, CPA, CA
Principal
for the Interim Auditor General of Canada

Ottawa, Canada
10 June 2019

NUNAVUT BUSINESS CREDIT CORPORATION

STATEMENT OF FINANCIAL POSITION

as at March 31

	2019	2018
FINANCIAL ASSETS		
Cash (Note 3)	\$ 1,501,075	\$ 6,179,051
Accounts receivable	14,925	45,402
Due from Government of Nunavut	62,618	69,779
Loans receivable (Notes 4, 5, and 6)	15,961,025	18,180,219
Total financial assets	\$ 17,539,643	\$ 24,474,451
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 290,710	\$ 395,554
Post-employment benefit liabilities (Note 8)	17,545	34,892
Due to Government of Nunavut (Note 9)	18,391,796	25,356,428
Total liabilities	\$ 18,700,051	\$ 25,786,874
Net debt	(1,160,408)	(1,312,423)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule A)	\$ 38,407	\$ 29,191
Prepaid expenses	37,856	26,827
Total non-financial assets	\$ 76,263	\$ 56,018
Accumulated deficit	\$ (1,084,145)	\$ (1,256,405)

Contractual obligations (Note 11)

Contractual rights (Note 12)

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

Approved by the Board of Directors:



Marg Epp

Chairperson of the Board of Directors

NUNAVUT BUSINESS CREDIT CORPORATION

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

for the year ended March 31

	2019	2019	2018
	Budget (Note 14)	Actual	Actual
REVENUES			
Interest income on loans receivable	\$ 1,200,000	\$ 1,112,049	\$ 1,072,681
Other interest income (Note 3)	32,000	54,643	70,800
Total revenues	\$ 1,232,000	\$ 1,166,692	\$ 1,143,481
EXPENSES			
Salaries and benefits	\$ 1,000,000	\$ 742,687	\$ 775,947
Interest expense on advance from Government of Nunavut (Note 9)	400,000	391,796	356,428
Allowance for losses on loans (Note 5)	150,000	295,353	231,799
Facilities expense	100,000	92,036	92,036
Professional fees	110,000	78,424	119,196
Advertising and promotion	60,000	76,189	86,129
Board meetings	50,000	39,677	49,264
Training and development	25,000	33,200	45,964
Office expense	30,000	32,127	27,815
Travel	70,000	31,215	67,905
Board honoraria	35,000	22,775	38,575
Amortization (Schedule A)	23,000	15,211	30,772
Other expenses	1,000	4,028	1,556
Loss on disposal of fixed assets	-	-	61,904
Total expenses	\$ 2,054,000	\$ 1,854,718	\$ 1,985,290
Deficit for the year before Government contributions	\$ (822,000)	\$ (688,026)	\$ (841,809)
CONTRIBUTION FROM GOVERNMENT OF NUNAVUT			
Operational funding and services provided without charge (Note 13)	\$ 873,000	\$ 860,286	\$ 859,547
Total contribution from Government of Nunavut	\$ 873,000	\$ 860,286	\$ 859,547
CONTRIBUTION FROM GOVERNMENT OF CANADA			
Professional and Institutional Development Program (Schedule B)	\$ -	\$ -	\$ 21,789
Total contribution from Government of Canada	\$ -	\$ -	\$ 21,789
Surplus for the year	\$ 51,000	\$ 172,260	\$ 39,527
Accumulated deficit – beginning of the year	\$ (1,256,405)	\$ (1,256,405)	\$ (1,295,932)
Accumulated deficit – end of the year	\$ (1,205,405)	\$ (1,084,145)	\$ (1,256,405)

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

NUNAVUT BUSINESS CREDIT CORPORATION

STATEMENT OF CHANGE IN NET DEBT

for the year ended March 31

	2019	2019	2018
	Budget (Note 14)	Actual	Actual
Surplus for the year	\$ 51,000	\$ 172,260	\$ 39,527
TANGIBLE CAPITAL ASSETS (SCHEDULE A)			
Additions	\$ -	(24,427)	\$ (9,513)
Amortization	23,000	15,211	30,772
Loss on disposal of fixed assets	-	-	61,904
	\$ 23,000	(9,216)	\$ 83,163
Net additions to prepaid expenses	-	(11,029)	(14,555)
Decrease in net debt	\$ 74,000	152,015	\$ 108,135
Net debt – beginning of the year	(1,312,423)	(1,312,423)	(1,420,558)
Net debt – end of the year	\$ (1,238,423)	\$ (1,160,408)	\$ (1,312,423)

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

NUNAVUT BUSINESS CREDIT CORPORATION

STATEMENT OF CASH FLOW

for the year ended March 31

	2019	2018
CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES		
Interest received on loans receivable	\$ 1,090,532	\$ 1,006,754
Government of Nunavut contributions	700,000	700,000
Government of Canada contributions	22,334	-
GST rebate	19,611	27,913
Payments to suppliers	(373,814)	(422,092)
Interest payments on Government of Nunavut advance	(356,428)	(174,173)
Interest received on current bank account	61,804	63,493
Cash paid to Government of Nunavut	(794,616)	(1,289,392)
Cash provided by/(used for) operating activities	\$ 369,423	\$ (87,497)
CASH (USED FOR) CAPITAL ACTIVITIES		
Tangible capital acquisitions	\$ (24,427)	\$ -
Cash (used for) capital activities	\$ (24,427)	\$ -
CASH PROVIDED BY/(USED FOR) INVESTING ACTIVITIES		
Repayment of loans receivable	\$ 3,841,487	\$ 4,910,213
Fee payments received	83,434	129,207
Disbursements of loans receivable	(1,947,893)	(1,680,942)
Cash provided by investing activities	\$ 1,977,028	\$ 3,358,478
CASH (USED FOR) FINANCING ACTIVITIES		
Repayment of advance from Government of Nunavut	\$ (7,000,000)	\$ -
Cash (used for) financing activities	\$ (7,000,000)	\$ -
Increase/(decrease) in cash	(4,677,976)	3,270,981
Cash – beginning of the year	\$ 6,179,051	\$ 2,908,070
Cash – end of the year	\$ 1,501,075	\$ 6,179,051

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

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

1. The Corporation

(A) AUTHORITY

The Nunavut Business Credit Corporation (the Corporation) is a territorial corporation wholly owned by the Government of Nunavut (the Government). The Corporation came into existence on April 1, 1999 by virtue of section 29 of the Nunavut Act. The Nunavut Business Credit Corporation Act (Act) defines the legal and operational structure. The Corporation functions under the auspices of the Government's Department of Economic Development and Transportation (the Department) and is subject to Part IX of the Financial Administration Act of Nunavut.

(B) MANDATE

The mandate of the Corporation is to function as an "arms-length" territorial corporation to stimulate economic development and employment in Nunavut through the loan program by supporting, financing, and investing in resident business enterprises. The Corporation's role is a blend of being a lender of northern opportunity and a developmental agency for Nunavut businesses. The Corporation does not offer any grants, concessionary loans, or forgivable loans and cannot make equity investments. As such, the Corporation only has one program.

(C) GOVERNMENT CONTRIBUTIONS AND ADVANCES

The Corporation is economically dependent on the Government's continuing contributions for its direct administrative expenses. The Contribution Agreement with the Department specifies a fixed contribution for the year.

Section 47 of the Act also authorizes the Government to advance to the Corporation an amount out of the Consolidated Revenue Fund not exceeding \$50 million for the purposes of providing financial assistance to business enterprises. The Financial Management Board has set the working capital advance limit at \$40 million. These advances are repayable to the Government on such terms and conditions as the Minister of Finance may determine.

(D) TAXES

The Corporation is non-taxable under the Income Tax Act (Canada).

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board (PSAB). The following is a summary of the significant accounting policies.

(A) CASH

Cash is comprised of bank account balances, net of outstanding cheques, and trust advances. Surplus cash earns interest income based on the Government's bank interest rate.

(B) ACCOUNTS RECEIVABLE

Accounts receivable are valued at the lower of cost or net recoverable value. Valuation allowances, if necessary, are recorded based on all circumstances that existed at the financial statement date that were known at the date these financial statements are approved, including past events.

(C) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on a declining balance basis using the following rates:

Computers and office equipment	30%
Office furniture and fixtures	20%

Tangible capital assets are amortized starting the month after they are purchased.

Tangible capital assets are written-down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are recorded as an expense in the Statement of Operations and Accumulated Surplus. Write-downs are not reversed following a subsequent increase in the tangible capital asset's estimated value.

(D) MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses reported in the financial statements. By their nature, these estimates and assumptions are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, management believes the estimates and assumptions to be reasonable. The most significant management estimate is the allowance for losses on loans. A variation in the quality of the loan portfolio or economic conditions under which these estimates are made could result in significant changes in these management estimates.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

2. Significant accounting policies (continued)

(E) FINANCIAL INSTRUMENTS

Financial instruments are identified by financial asset and financial liability classifications. The Corporation's financial instruments are initially recorded at fair value and subsequently measured at cost or amortized cost using the effective interest rate method.

The following is a list of the Corporation's financial instruments and their related measurement basis as at March 31, 2019.

Financial Assets	Measurement Basis
<i>Cash</i>	Cost
<i>Accounts receivable</i>	Cost
<i>Loans receivable</i>	Amortized cost
<i>Due from Government of Nunavut</i>	Cost
<i>Loan charges receivable</i>	Cost

Financial Liabilities	Measurement Basis
<i>Accounts payable and accrued liabilities</i>	Cost
<i>Due to Government of Nunavut</i>	Cost

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Deficit.

(F) INTEREST INCOME ON LOANS RECEIVABLE

Interest income on loans receivable is recognized on an accrual basis. All payments received on regular loans are applied against the outstanding balance for other charges, interest, and principal, in that order.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

2. Significant accounting policies (continued)

(G) LOANS RECEIVABLE

A loan is classified as impaired when, upon an analysis of all considerations, it is determined that there has been a deterioration in the credit quality of the loan such that, in the opinion of management, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Such considerations may include the following and are assessed in conjunction with other contributing and mitigating factors that may exist with respect to a specific loan:

1. **Principal or interest is six months past due unless the loan is fully secured or collection efforts are reasonably expected to result in repayment of the loan;**
2. **Principal or interest is twelve months past due regardless of whether the loan is well secured or not;**
3. **Principal or interest is three months past due, if the loan has been previously restructured; or**
4. **The security of the credit facility is compromised.**

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated net realizable amount. The estimated net realizable amount is the discounted expected future cash flows at the effective interest rate of the loan. Where the amount and timing of future cash flows cannot be estimated with reasonable reliability, the estimated net realizable amount is the fair market value of the security underlying the loan, net of expected costs of realization and any amounts legally required to be paid to the borrower.

The amount of initial impairment and any subsequent changes in the amount of impairment are recorded as a charge or a credit to the specific allowance for losses on loans.

The Corporation ceases to accrue interest once a loan is classified as impaired. All payments received on impaired loans are credited to the suspended interest, protective loan disbursements, arrears payments for accrued loan interest, and loan principal balance in that order. Once the suspended interest, protective loan disbursements, and accrued loan interest are current then the loan is no longer classified as impaired. All payments received on previously written off loans are recognized as revenue as other income.

Loans are restored to performing status when it is determined that there is a reasonable assurance of timely collection of principal and interest. Refinanced loans are considered performing unless they meet the criteria of impaired loans. When an impaired loan is restored or refinanced to an accrual basis, any non-accrued capitalized

interest as a result of cash payments received is recognized in income immediately and any remaining non-accrued capitalized interest is recognized over the remaining term of the loan.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

2. Significant accounting policies (continued)

(H) ALLOWANCE FOR LOSSES ON LOANS

The allowance for losses on loans is based upon a review of all loans to borrowers and represents management's best estimate of probable credit losses based upon historical experience. The allowance includes two components: general and specific.

The general allowance component represents management's estimate of probable losses on those loans which cannot yet be specifically identified as impaired. The general allowance is calculated as the total loans receivable, less the specific allowance at the end of the fiscal year, less any payout of loan balances after year end and is multiplied by 2%, which represents management's estimate of future losses based on historical experience.

The specific allowance component is established on an individual loan basis to recognize credit losses. The amount of the initial impairment and any underlying subsequent changes due to re-evaluation of estimated realizable values are recorded through the provision for credit losses as an adjustment to the specific allowance for impaired loans.

The general allowance for performing loans and the specific allowance for impaired loans are shown as a reduction to loans receivable.

(I) WRITE-OFFS

Under the provisions of the Financial Administration Act of Nunavut, the outstanding principal and interest on a loan can be approved for write-off by the Corporation's Board of Directors if the total outstanding on a loan is \$20,000 or less; or by the Legislative Assembly of Nunavut if the total outstanding on a loan is over \$20,000. A loan written-off is still subject to collection action.

Management generally recommends the write-off of a loan only after all means of collecting the loan have been exhausted.

(J) POST-EMPLOYMENT BENEFIT LIABILITIES

PENSION BENEFITS

All of the employees of the Corporation are covered by the Public Service Pension Plan (the Plan), a defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, the employer contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

2. Significant accounting policies (continued)

(J) POST-EMPLOYMENT BENEFIT LIABILITIES (CONTINUED)

NON-PENSION BENEFITS

Under the terms and conditions of employment, the Corporation's employees may earn severance and removal benefits based on years of service. These benefits are paid upon resignation, retirement, or death of an employee. The accrued liability and related expenses for these benefits are recorded as employees earn them and has been determined based on management's assumptions and best estimates.

In addition to severance and removal benefits, the Corporation's employees are entitled to sick leave under the terms of employment. Included in other non-pension benefits is an amount for employees who are permitted to accumulate unused sick leave. However, such entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which are expected to be used in future years is determined by management's assumptions and best estimates.

(K) REVENUE RECOGNITION

Unless otherwise stated, all revenues are recognized and reported on an accrual basis in the period in which transactions or events give rise to the revenues.

(L) CONTRIBUTIONS FROM GOVERNMENT OF NUNAVUT AND OTHERS

Transfers are recognized when the funding is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. Government contributions are recognized in the Statement of Operations and Accumulated Deficit as the stipulated liabilities are settled. The Corporation does not have deferred contribution balances.

(M) RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership, to all Government created departments and territorial corporations. The Corporation considers key management personnel, which includes all members of the Board of Directors and the Chief Executive Officer to be related parties.

The Government provides certain administrative contributions and services without charge to the Corporation.

Administrative contributions provided by the Government are measured at the exchange amount, which is a fixed amount of consideration established and agreed to by the related parties under a contribution agreement and are recorded in the related account balances.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

2. Significant accounting policies (continued)

(M) RELATED PARTY TRANSACTIONS (CONTINUED)

Services provided without charge by the Government are measured at the carrying amount, which is an amount based on unallocated costs and recoveries and are reported in the related account balances on a gross basis.

The Corporation also reimburses the Government for payments made on behalf of its employees in relation to salaries and other payments. These transactions are measured at the exchange amount based on the total amount of payments made on behalf of the Corporation.

(N) SERVICES PROVIDED WITHOUT CHARGE BY NON-RELATED PARTIES

Audit services are provided without charge from the Office of the Auditor General of Canada to the Corporation for the audit of the Corporation's financial statements. No amount has been recognized in these financial statements in respect of the services provided.

(O) CHANGES IN ACCOUNTING STANDARDS

A new and amended accounting standard issued by the PSAB that came into effect on April 1, 2018 has been adopted by the Corporation.

The following standard became effective on April 1, 2018:

PS 3430 Restructuring Transactions, a new accounting standard defining a restructuring transaction and establishing guidance for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

The Corporation has adopted the above accounting policy on a prospective basis. The adoption of this new accounting standard did not result in any financial impact on the Corporation's financial statements.

(P) FUTURE CHANGES IN ACCOUNTING STANDARDS

A number of new and amended standards used by the PSAB are not yet effective and have not been applied in preparing these financial statements. The Corporation plans to adopt these new and amended standards on their effective dates and is currently assessing the impact these standards will have on the Corporation's financial statements. Standards which will become effective are as follows:

Section PS 3280 Asset Retirement Obligations, has been issued by the PSAB and is effective for the fiscal year beginning on or after April 1, 2021. This section establishes standards as to how to account for and report a liability for asset retirement obligations along with post-retirement operation, maintenance and monitoring costs.

Section PS 3400 Revenue, has been used by the PSAB and is effective for the fiscal year beginning on or April 1, 2022. This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

3. Cash

The Corporation's cash is pooled with the Government's surplus cash, which earns bank interest on the combined balance, rather than on an individual account basis. In 2019, the Corporation earned interest income of \$54,643 (2018 - \$70,800) with an average yield of 2.06% (2018 - 1.41%).

As of March 31, 2019, cash includes a trust advance of \$490,000 (2018 - \$nil), which relates to undisbursed loans receivable.

4. Loans receivable

The Corporation provides two classes of loans receivable, term loans and lines of credit.

Term loans have terms that vary from one year to five years, with maximum amortization periods of twenty-five years. Interest rates paid by clients are based upon the Corporation's cost of borrowing plus a risk adjustment factor of zero to five percent. Blended payments of principal and interest are made by clients, with the majority of blended payments being monthly.

In exceptional circumstances, interest only payments can be made, up to a maximum of three years.

Lines of credit can only be issued for a term of one year. They can, however, be renewed annually. Interest rates paid by clients are based upon the Corporation's cost of borrowing plus a risk adjustment factor of zero to five percent. Monthly payments of interest are required to be made by clients.

For both term loans and lines of credit, there must be sufficient security pledged by clients to support the amount of the loan receivable.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

4. Loans receivable (continued)

As of March 31, 2019, loans receivable are expected to mature as follows:

Terms to Maturity	Annual Interest Rate %	2019	Annual Interest Rate %	2018
1 year	5.52% - 7.32%	\$ 3,483,202	5.48% - 6.74%	\$ 8,191,036
1 - 2 years	6.05% - 6.89%	1,083,878	5.52% - 6.13%	1,744,146
2 - 3 years	5.32% - 5.54%	1,329,487	6.05%	1,000,650
Over 3 years	5.52% - 6.96%	8,241,423	5.32% - 6.59%	6,156,761
Impaired loans	5.48% - 8.50%	5,610,297	5.48% - 8.50%	4,553,474
		\$ 19,748,287		\$ 21,646,067
Accrued loan interest receivable (Note 6)		202,992		179,205
Loan charges receivable		65,909		115,757
		\$ 20,017,188		\$ 21,941,029
Less: Allowance for losses on loans receivable (Note 5)		4,056,163		3,760,810
LOANS RECEIVABLE - NET		\$ 15,961,025		\$ 18,180,219

Loan charges receivable are amounts paid by the Corporation, either on behalf of a client or by the Corporation to protect the underlying security of a loan receivable. Loan charges receivable include legal fees and disbursements, receiver fees and disbursements, insurance, utilities, and registration fees.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

4. Loans receivable (continued)

The number of loans by terms to maturity are as follows:

Terms to Maturity	Number of Loans	2019		2018	
		Number of Loans	Loan Balance	Number of Loans	Loan Balance
Performing Loans					
<i>1 year</i>	13	\$	3,483,202	20	\$ 8,191,036
<i>1 - 2 years</i>	2		1,083,878	5	1,744,146
<i>2 - 3 years</i>	4		1,329,487	2	1,000,650
<i>Over 3 years</i>	19		8,241,423	13	6,156,761
Total - Performing loans	38	\$	14,137,990	40	\$ 17,092,593
Impaired Loans					
<i>1 year</i>	1	\$	726,164	2	\$ 1,042,497
<i>1 - 2 years</i>	-		-	1	726,164
<i>2 - 3 years</i>	1		982,949	-	-
<i>Over 3 years</i>	1		385,151	-	-
<i>Past maturity date</i>	11		3,516,033	10	2,784,813
Total - Impaired loans	14	\$	5,610,297	13	\$ 4,553,474
TOTAL	52	\$	19,748,287	53	\$ 21,646,067

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

4. Loans receivable (continued)

The concentration of performing loans and impaired loans by region are as follows:

Regions	Annual Interest Rate %	2019	Annual Interest Rate %	2018
Performing Loans				
Qikiqtaaluk	5.48% - 7.32%	\$ 9,746,407	5.48% - 6.74%	\$ 11,181,066
Kivalliq	5.32% - 5.48%	878,602	5.32% - 5.48%	1,895,208
Kitikmeot	5.53% - 6.96%	3,512,981	5.53% - 6.22%	4,016,319
Total - Performing Loans		\$ 14,137,990		\$ 17,092,593
Impaired Loans				
Qikiqtaaluk	5.48% - 6.59%	\$ 3,774,148	5.48% - 6.56%	\$ 3,487,600
Kivalliq	6.09% - 8.50%	1,836,149	6.09% - 8.50%	1,065,874
Kitikmeot	-	-	-	-
Total - Impaired Loans		\$ 5,610,297		\$ 4,553,474
Total		\$ 19,748,287		\$ 21,646,067
All Loans				
Qikiqtaaluk	5.48% - 7.32%	\$ 13,520,555	5.48% - 6.74%	\$ 14,668,666
Kivalliq	5.32% - 8.50%	2,714,751	5.32% - 8.50%	2,961,082
Kitikmeot	5.53% - 6.96%	3,512,981	5.53% - 6.22%	4,016,319
TOTAL		\$ 19,748,287		\$ 21,646,067

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

5. Allowance for losses on loans receivable

	2019		2018	
<i>Specific Allowance on Impaired Loans</i>				
Balance, beginning of the year	\$	3,417,018	\$	3,157,497
Change in provision for the year		381,461		259,521
Balance, end of the year	\$	3,798,479	\$	3,417,018
General Allowance on Performing Loans				
Balance, beginning of the year	\$	343,792	\$	371,514
Change in provision for the year		(86,108)		(27,722)
Balance, end of the year	\$	257,684	\$	343,792
TOTAL BALANCE OF ALL ALLOWANCES, END OF THE YEAR	\$	4,056,163	\$	3,760,810

6. Accrued loan interest receivable

	2019		2018	
Performing loans	\$	81,189	\$	91,508
Impaired loans		121,803		87,697
	\$	202,992	\$	179,205

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

7. Accounts payable and accrued liabilities

	2019		2018	
Related party accounts payable and accrued liabilities				
Amounts payable to the Department (Note 13)	\$	134,653	\$	224,475
	\$	134,653	\$	224,475
Trade payables and accrued liabilities to third parties				
Trade payables	\$	20,634	\$	55,104
Annual leave, lieu time, and optional leave		135,423		115,975
		156,057		171,079
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$	290,710	\$	395,554

All amounts above are non-interest bearing and have normal payment terms. Amounts payable to the Department are primarily payroll expenditures paid on behalf of the Corporation by the Department.

8. Post-employment benefit liabilities

PENSION BENEFITS

All of the employees of the Corporation are covered by the Plan. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The contribution rate effective at year end was 1.01 (2018 - 1.01) for members enrolled before January 1, 2013 and 1.0 (2018 - 1.0) for members enrolled beginning January 1, 2013. The Corporation's contributions of \$57,356 (2018 - \$56,093) were recognized as an expense in the current year. This amount is included in salaries and benefits. The employees' contributions to the Plan were \$56,383 (2018 - \$54,435).

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

8. Post-employment benefit liabilities (continued)

PENSION BENEFITS (CONTINUED)

The Government of Canada holds a statutory obligation for the payment of the benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan benefits and indexed to inflation.

NON-PENSION BENEFITS

In addition to pension benefits, the Corporation provides severance and removal benefits to its employees. These benefit arrangements are not pre-funded and thus have no assets set aside to fund them, resulting in deficiencies for the arrangements equal to the accrued benefit obligations.

Severance benefits to the Corporation's employees are based on years of service and final salary.

Removal assistance to eligible employees are as provided under labour contracts.

As there is no expectation that existing entitlements will be used in future years, no sick leave liability has been recorded.

	2019		2018	
<i>Severance</i>	\$	5,204	\$	22,551
<i>Removal</i>		12,341		12,341
	\$	17,545	\$	34,892

9. Due to Government of Nunavut

	2019		2018	
<i>Balance, beginning of the year</i>	\$	25,356,428	\$	25,174,173
<i>Interest expense on advance for the year</i>		391,796		356,428
<i>Amount repaid</i>		(7,356,428)		(174,173)
BALANCE, END OF THE YEAR	\$	18,391,796	\$	25,356,428

Interest on the advance is calculated monthly based on the average selected Government of Canada three year benchmark bond yields at month end, compounded annually. In 2019, the rate varied from 1.54% to 2.34% (2018 - 0.75% to 1.96%).

There are no fixed repayment terms on the advances, which are due on demand.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

10. Financial risk management

CREDIT RISK

The Corporation is exposed to the following risks as a result of holding financial instruments.

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

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

- 1. Credit policies and directives communicated to lending officers whose activities and responsibilities include credit granting and monitoring client performance;**
- 2. Diversifying its portfolio across different geographic regions and securing clients' assets; and**
- 3. Limiting the concentration of loans and investments with any one business enterprise or group of related enterprises to \$1 million.**

The principal collateral held as security and other credit enhancements for loans includes: (i) collateral mortgages on real property; (ii) various securities on assets; and (iii) corporate and personal guarantees.

As at March 31, 2019, \$3,666,949 (2018 - \$3,516,658) of the impaired loans are secured by assets the Corporation has the ability to sell in order to partially or fully recover the borrowers' commitments.

There were no significant changes to the Corporation's credit risk management policies and practices from the prior year.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2019.

	2019	2018
Cash	\$ 1,501,075	\$ 6,179,051
Accounts receivable	14,925	45,402
Loans receivable, net of allowances	15,692,124	17,885,257
Accrued interest receivable	202,992	179,205
Loan charges receivable	65,909	115,757
	\$ 17,477,025	\$ 24,404,672

Commitments to make future loan disbursements represent unused portions of authorizations to extend credit in the form of loans and credit lines. With respect to credit risk, the Corporation is potentially exposed to a maximum credit risk in an amount equal to the total unused commitments totaling \$2,724,862 (Note 11).

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

10. Financial risk management (continued)

CREDIT RISK (CONTINUED)

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

Loans past due, but not impaired	2019	2018
31 - 60 days	\$ -	\$ -
61 - 90 days	-	-
Over 90 days	221,458	-
	\$ 221,458	\$ -

At the end of 2019, there was no known relevant concentration of credit risk by type of customer or geography.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the fair value or future cash flows of the advances from the Government.

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

The Corporation's management monitors exposure to interest rate fluctuations; it does not employ any interest rate management policies to counteract interest rate fluctuations.

Based on the Corporation's advances from the Government as at March 31, 2019 and the monthly cash balance on hand, a 100 basis point increase in annual interest rates would decrease the surplus by \$193,389 (2018 – \$245,826). A 100 basis point decrease in annual interest rates would increase the surplus by \$195,152 (2018 – \$237,736).

The Corporation is not exposed to any other market risks.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

10. Financial risk management (continued)

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its obligations associated with financial liabilities. The Corporation's objective for managing liquidity risk is to manage operations and cash expenditures within the fixed contribution for the year as specified in the Contribution Agreement with the Department.

The maturities of the accounts payable and accrued liabilities at year-end are within 1 – 31 days. The advances from the Government are due on demand with no fixed repayment terms. Repayment on advances is made whenever the Corporation has sufficient cash on hand which is not earmarked for lending purposes.

11. Contractual obligations

Under loan agreements made before year end, the Corporation had commitments to make future loan disbursements subsequent to March 31, 2019 on term loans of \$1,077,292 due within the next fiscal year, lines of credit of \$1,347,570, and a standby letter of credit of \$300,000, that are on demand with no established timelines.

12. Contractual rights

The Corporation enters into agreements to provide loans to business enterprises for the purpose of stimulating economic development and employment in Nunavut. These agreements will result in interest revenue and assets in the future. The following table summarizes the contractual rights of the Corporation:

2020	\$	784,263
2021	\$	508,431
2022	\$	440,694
2023	\$	272,361
2024	\$	59,863

13. Related party transactions

The Corporation is related in terms of common ownership to all Government created departments, statutory bodies, and territorial corporations. The Corporation enters into transactions with these entities in the normal course of business under terms and conditions similar to those with unrelated parties.

NUNAVUT BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

13. Related party transactions (continued)

CONTRIBUTIONS FROM THE GOVERNMENT

Under the terms of the Contribution Agreement between the Corporation and the Department, the Corporation receives core funding in the form of a fixed operational contribution for its direct administrative expenses. The Corporation also records in the financial statements an estimate of cost of services provided by the Government without charge. These services include accounting and administrative support, regional and personnel services, office, lease, utilities, insurance, and telephone and computer systems.

The following table summarizes the total Government contributions recognized in the current year:

	2019	2018
<i>Operational contribution</i>	\$ 700,000	\$ 700,000
Services provided without charge:		
<i>Facility expenses</i>	92,036	92,036
<i>Information technology support</i>	4,000	4,000
<i>Insurance and risk management</i>	5,667	5,349
<i>Administration of employee salaries and benefits</i>	58,583	58,162
TOTAL CONTRIBUTIONS FROM THE GOVERNMENT	\$ 860,286	\$ 859,547

REIMBURSEMENT OF SALARIES AND OTHER PAYMENTS

The Department also administers and disburses payroll and other employee payments on behalf of the Corporation. The Corporation subsequently reimburses the Government for these payments and recognizes an expense within its Statement of Operations and Accumulated Deficit.

During the year, payments made or to be made by the Government on behalf of the Corporation in relation to employee salaries and other payments totaled \$839,475. As at March 31, 2019, \$134,653 remains outstanding and has been accrued within accounts payable and accrued liabilities.

14. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly of Nunavut and the Board of Directors.

NUNAVUT BUSINESS CREDIT CORPORATION

SCHEDULE OF TANGIBLE CAPITAL ASSETS

SCHEDULE A

for the year ended March 31

	Computer and office equipment	Office furniture and fixtures	2019	2018
Cost				
Opening balance	\$ 30,721	\$ 19,267	\$ 49,988	\$ 179,198
Additions	24,427	-	24,427	9,513
Disposals	-	-	-	(138,723)
Closing balance	\$ 55,148	\$ 19,267	\$ 74,415	\$ 49,988
Accumulated amortization				
Opening balance	\$ (9,208)	\$ (11,589)	\$ (20,797)	\$ (66,844)
Disposals	-	-	-	76,819
Amortization	(13,782)	(1,429)	(15,211)	(30,772)
Closing balance	\$ (22,990)	\$ (13,018)	\$ (36,008)	\$ (20,797)
NET BOOK VALUE	\$ 32,158	\$ 6,249	\$ 38,407	\$ 29,191
Amortization rate	30%	20%		

NUNAVUT BUSINESS CREDIT CORPORATION

PROJECT SCHEDULE

SCHEDULE B

PROFESSIONAL AND INSTITUTIONAL DEVELOPMENT PROGRAM

for the year ended March 31

		Budget 2019		Actual 2019		Actual 2018
Revenue						
Professional and Institutional Development Program	\$	-	\$	-	\$	21,789
TOTAL REVENUE	\$	-	\$	-	\$	21,789
Expenses						
Travel	\$	-	\$	-	\$	20,289
Meeting venues		-		-		1,500
TOTAL EXPENSES	\$	-	\$	-	\$	21,789
TOTAL	\$	-	\$	-	\$	-



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ANNUAL REPORT **2018/2019**