



**FIRST PEOPLES**  
economic growth fund

---

***2018-2019***  
***Annual Report***



## Table of Contents

|                                                               |           |
|---------------------------------------------------------------|-----------|
| <i>Greetings .....</i>                                        | <i>1</i>  |
| <i>Background of First Peoples Economic Growth Fund .....</i> | <i>2</i>  |
| <i>Board of Directors.....</i>                                | <i>3</i>  |
| <i>Guiding Principles .....</i>                               | <i>3</i>  |
| <i>Financing Programs.....</i>                                | <i>4</i>  |
| <i>Support Programs.....</i>                                  | <i>5</i>  |
| <i>Message from the CEO.....</i>                              | <i>6</i>  |
| <i>FPEGF Approved Loans.....</i>                              | <i>7</i>  |
| <i>FPEGF Approved Support Applications.....</i>               | <i>8</i>  |
| <i>FPEGF Total Approvals by Geographic Region .....</i>       | <i>9</i>  |
| <i>FPEGF's Business Contribution Fund .....</i>               | <i>10</i> |
| <i>FPEGF Staff .....</i>                                      | <i>11</i> |
| <i>Client Testimonials .....</i>                              | <i>13</i> |
| <i>Joyce Lillie (Retired) .....</i>                           | <i>18</i> |
| <i>Audited Financial Statements.....</i>                      | <i>19</i> |
| <i>Contact Us.....</i>                                        | <i>37</i> |





## A MESSAGE FROM THE MINISTER



I am pleased to extend greetings to the management and staff of the First Peoples Economic Growth Fund as you issue your 2018/19 annual report.

Your organization continues to help Indigenous entrepreneurs develop, launch and grow business enterprises that create jobs, contribute to the economy, strengthen communities and promote cultural pride. By supporting Indigenous economic development, you are helping many people achieve their business goals. Their success ultimately strengthens our entire province.

I wish you continued success in helping Indigenous business people realize their potential and live their dreams.

HONOURABLE EILEEN CLARKE, MINISTER  
MANITOBA INDIGENOUS  
AND NORTHERN RELATIONS



## A MESSAGE FROM THE GRAND CHIEF



The Assembly of Manitoba Chiefs (AMC) would like to congratulate the First Peoples Economic Growth Fund staff and board members for another successful year of supporting business development for First Nations people in Manitoba.

In 2005, the AMC Chiefs-in-Assembly agreed to enter into a Letter of Understanding with the Government of Manitoba, which established the First Peoples Economic Growth Fund. The fund was developed to provide provincial net gaming revenue to First Nations' economic development opportunities in a number of areas including: job creation, business development, business education and training, and joint ventures.

Since its inception, the fund has helped First Nations citizens build pride in themselves and their community as they have been empowered to pursue their business dreams and ambitions. The fund has also fostered innovative partnerships which promote collaboration, reconciliation and the recognition of common values and goals. These business partnerships have helped address regional issues and helped build a stronger, more sustainable economy for all.

The First Peoples Economic Growth fund has benefitted countless First Nations individuals, families and communities across Manitoba this year. This is important work because when First Nations do well, everyone does well.

Sincerely,

ARLEN DUMAS, GRAND CHIEF  
ASSEMBLY OF MANITOBA CHIEFS







## *Background of FPEGF*

A joint economic development initiative between the Province of Manitoba and the Assembly of Manitoba Chiefs (AMC) saw the creation of First Peoples Economic Growth Fund Inc. (FPEGF).

FPEGF is an organization with the mandate to provide financing to support Manitoba First Nation business proposals that are economically viable.

The unique aspect of FPEGF is that it can provide a variety of support for First Nation-owned businesses through a diverse portfolio of programs. FPEGF may provide financing for business development and support in the following areas:

### **Financing Programs**

- Joint Venture Program
- Community Economic Expansion Program
- Entrepreneur Loan Program

### **Support Programs**

- Business Plan Assistance Program
- Aftercare Program
- Skills Development Program
- Business Contribution Fund

First Peoples Economic Growth Fund was established as an independent not-for-profit corporation. The Board of Directors governs the Fund under the Unanimous Members Agreement between the Assembly of Manitoba Chiefs and the Province of Manitoba.





## Board of Directors

The volunteer Board members bring a broad range of experience including corporate finance and accounting, business management, First Nations economic and regional development and entrepreneurship. The members of the Board jointly appointed by AMC and the Province of Manitoba are as follows:



**Patricia Turner,**  
**FPEGF Chairperson**  
CEO,  
ET Development  
Incorporated;  
co-founder of  
Aboriginal Chamber  
of Commerce



**Bob Silver,**  
**FPEGF Vice Chairperson**  
President,  
Western Glove Works



**Bob Brennan,**  
**FPEGF Secretary/  
Treasurer**  
Retired;  
former President  
and CEO,  
Manitoba Hydro



**Rosa Walker,**  
**FPEGF Director**  
President and CEO,  
Indigenous Leadership  
Development Institute Inc.

## Guiding Principles

- The Fund will only support those projects that are economically viable and provide a positive return on investment to First Nations entrepreneurs, communities and FPEGF.
- Leveraging other investment dollars is critical to the growth of the First Nation's economy and must be demonstrated by every business proposal presented to FPEGF.
- Capacity building will be an important criteria in the decision-making processes, be it human capital, infrastructure or community capacity.
- Job creation, long-term and sustainable employment opportunities, in areas where there is high unemployment, is desirable.
- A portion of the Fund will be targeted for projects originating in rural and northern Manitoba.
- All businesses receiving funding will have to meet or exceed prevailing environmental and health standards.
- FPEGF, while looking to assist businesses of high economic return, will also consider the needs of the applicants; in general, applications of exceptional merit with the greatest need will receive the highest priority.



## Financing Programs

### Joint Venture Program

This program is intended to provide support for large-scale Manitoba First Nations enterprises which, in the opinion of the Fund, have a business concept that, through initial screening, provides excellent opportunity. The First Nation or First Nation entrepreneur must own at least 51% of the business.

Financing is available for up to the lesser of \$1,000,000 or 50% of the total project costs (including identified startup costs and working capital). Appraisal of the project costs may be required. Projects funded under this program must be for-profit and commercially viable with total project costs generally in excess of \$500,000. Priority will be given, but not restricted, to higher-end value-added projects.

### Community Economic Expansion Program

This program is intended to assist Manitoba First Nation community-owned businesses for startup, expansions or acquisitions. The intent is that these viable businesses will provide for the creation of wealth and jobs for First Nations.

Small- and medium-sized viable businesses owned by a Manitoba First Nation may be eligible for an interest-free loan up to \$300,000 or 50% of the total project costs (including identified startup costs and working capital). Appraisal of the project costs may be required. At the end of the loan, if the business is still in operation, has not been sold and all loan payments have been made consistently, up to \$75,000 or 25% of the total loan (whichever is less) may be forgiven.

### Entrepreneur Loan Program

This program is intended to assist Manitoba First Nation entrepreneurs by providing capital and/or working capital through interest-free loans that will enhance the applicant's ability to leverage financing from other institutions and agencies.

Each loan will be for the lesser of \$200,000 per business or 50% of the total project costs (including identified startup costs and working capital) identified in the business plan. Appraisal of the project costs may be required.







## Business Plan Assistance Program

This program is intended to provide support to Manitoba First Nation individuals or First Nation-based enterprises which, in the opinion of the Fund, have a business concept that, through initial screening, provides excellent opportunity, but demonstrates a need for financial assistance to develop a professional, independent business plan.

This program allows the applicant to engage the services of a professional consultant to assist in the research and development of a quality business plan that will be used to attract financing for the business.

Funding available is up to 75% of the costs to a maximum of \$20,000. This funding is non-repayable. The client is expected to pay the first 25% of the costs.

## Skills Development Program

This program supports rapid business readiness training for new and existing First Nations entrepreneurs to develop their management and marketing skills.

Funding available is up to 75% of the approved costs. The program funds only direct course costs such as tuition, workshop fees and books; living expenses are not included. The program is not intended to finance the acquisition of a degree or certificate.

## Aftercare Program

This program is intended to provide professional support to new businesses that have obtained assistance under another FPEGF financing program in order to help improve the opportunity for success.

Funding under this program is intended to allow the business to engage the services of a professional consultant to examine the operations of the business in order to identify areas that may require special attention. Funding is not intended for the development of interim or annual financial statements.

Funding available is up to 75% of the costs to a maximum of \$20,000. Approved funding must be used within two years. The funding is non-repayable.

## Business Contribution Fund

This program is available to eligible First Nation businesses in Manitoba. Contributions may be made towards a startup, expansion or acquisition of a viable business. Maximum contribution towards a business owned by a First Nation individual is up to 30% of eligible costs to a maximum of \$99,999. Maximum contribution towards a business owned by a Manitoba First Nation or group of Manitoba First Nations is up to 30% of eligible costs to a maximum of \$250,000.

Besides a contribution towards capital and operating as summarized above, FPEGF will also consider providing a non-repayable contribution of up to 75% of the cost for the development of an independent business plan. As well we may contribute up to 75% towards environmental assessments when required, 60% towards marketing costs and 75% towards business support (training, aftercare management).

The BCF is generously supported by Indigenous Services Canada.



## CEO's Message 2018/19



This year has been another record-breaking year for Loan Approvals at First Peoples Economic Growth Fund Inc. (FPEGF). I am pleased to report that for the first time ever we have topped the eight million dollar mark for Loan Approvals in

a single year. This is significant because when FPEGF started eleven years ago it was anticipated and projected that the demand for our loans would be about four million dollars per year. This year we have doubled that amount. Furthermore, over the past four years we have averaged \$6.5 million per year in Loan Approvals.

The growing demand for our Loans & Support Services is one reason why we have chosen the theme of SUCCESS for this year's Annual Report. We are succeeding to exceed our expectations yearly. But our organization does not operate in a vacuum. We have many external contributors to our success and growth. Primarily our clients are the main reason for our success. Without a growing list of applicants, we would not be posting the Approval levels that we have seen over the past several years.

In the spirit of SUCCESS, this Annual Report will feature a small sample of our clients from years gone by who have grown their businesses since we first provided a loan to them. Some of them, and many more of our clients, have come back to us for additional financing to expand their businesses and some are expanding on their own. We are very proud of our clients and the First Nation Business

Community in Manitoba who are working very hard to achieve SUCCESS.

Secondly, the continued support we receive from our Founding Members cannot be overstated. The Province of Manitoba for their financial support and the Assembly of Manitoba Chiefs for their encouragement and endorsement, are fundamental to our achievements and our clients' success. We all realize that the success of the First Nation Entrepreneurs and Band Owned Businesses in Manitoba is a crucial factor in the prosperity of our Province.

We also thank Indigenous Services Canada and NACCA for their support and cooperation with the Business Contribution Fund we deliver in Manitoba, which is an important source of equity gap financing. We also have to acknowledge the many other financial institutions that we work with on a daily basis whether it be the major Banks, Credit Unions, or government based sources of Capital. Our clients often use FPEGF financing to leverage capital from these mainstream financial organizations to complete their financing needs.

Lastly, I have to thank our hardworking staff and a dedicated Volunteer Board of Directors for their time, effort and guidance. All external and internal components working together are the reason we have exceeded expectations, and thus we all share in the plethora of SUCCESS stories of many First Nation owned businesses throughout Manitoba.

IAN CRAMER  
CEO



# FPEGF Approved Loans



## Loans Approved for Period April 1, 2018 to March 31, 2019

| #         | Program                                                      | FPEGF<br>Amount<br>Approved**<br>(A) | Dollars Leveraged               |                             | Impact on<br>Manitoba<br>Economy<br>(A+B+C) | New<br>Jobs<br>Created |
|-----------|--------------------------------------------------------------|--------------------------------------|---------------------------------|-----------------------------|---------------------------------------------|------------------------|
|           |                                                              |                                      | BCF* Dollars<br>Approved<br>(B) | All Other<br>Dollars<br>(C) |                                             |                        |
| 5         | Community Economic Expansion only                            | 1,127,526                            | 320,545                         | 2,778,277                   | 4,226,348                                   | 16                     |
| 18        | Entrepreneur Loan only                                       | 883,305                              | 555,838                         | 569,308                     | 2,008,451                                   | 29                     |
| 0         | Joint Venture only                                           | -                                    | -                               | -                           | -                                           | -                      |
| 8         | Community Economic Expansion with<br>Joint Venture combined* | 5,547,565                            | 588,108                         | 8,846,107                   | 14,981,780                                  | 70                     |
| 4         | Entrepreneur Loan with<br>Joint Venture combined**           | 1,035,025                            | 313,498                         | 914,676                     | 2,263,199                                   | 32                     |
| <b>35</b> | <b>Loans Approved</b>                                        | <b>8,593,421</b>                     | <b>1,777,989</b>                | <b>13,108,368</b>           | <b>23,479,778</b>                           | <b>147</b>             |

\*Community Economic Expansion Loans \$2,083,038; Joint Venture Loans \$3,464,527

\*\*Entrepreneur Loans \$614,500; Joint Venture Loans \$420,525

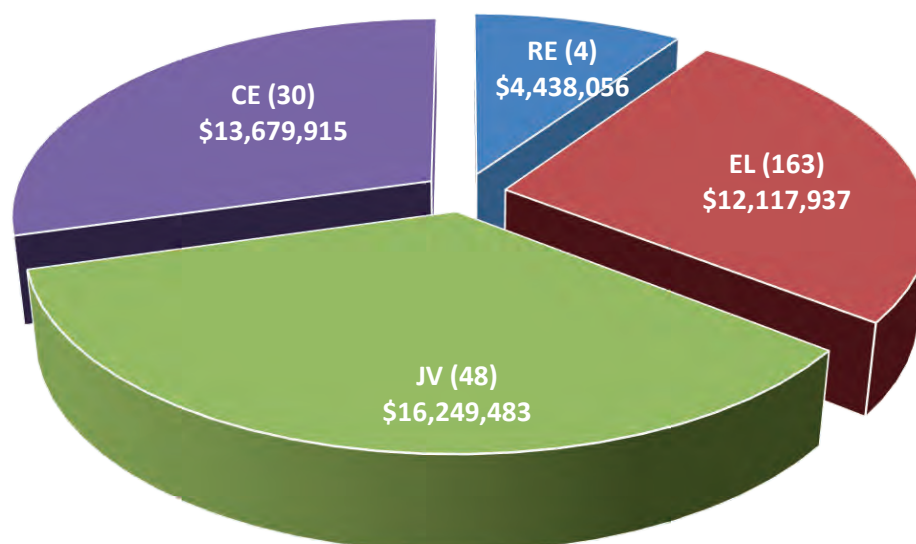
## Grand Total of Loans Approved from September 23, 2008 to March 31, 2019

| #          | Program                                                      | FPEGF<br>Amount<br>Approved**<br>(A) | Dollars Leveraged               |                             | Impact on<br>Manitoba<br>Economy<br>(A+B+C) | New<br>Jobs<br>Created |
|------------|--------------------------------------------------------------|--------------------------------------|---------------------------------|-----------------------------|---------------------------------------------|------------------------|
|            |                                                              |                                      | BCF* Dollars<br>Approved<br>(B) | All Other<br>Dollars<br>(C) |                                             |                        |
| 30         | Community Economic Expansion only                            | 6,698,777                            | 1,448,338                       | 27,214,268                  | 35,361,383                                  | 282                    |
| 163        | Entrepreneur Loan only                                       | 9,996,175                            | 4,220,157                       | 8,947,065                   | 23,163,397                                  | 354                    |
| 8          | Joint Venture only                                           | 3,180,820                            | 362,000                         | 18,249,419                  | 21,792,239                                  | 111                    |
| 25         | Community Economic Expansion with<br>Joint Venture combined* | 17,551,488                           | 3,175,183                       | 25,393,105                  | 46,119,776                                  | 226                    |
| 15         | Entrepreneur Loan with<br>Joint Venture combined**           | 4,620,075                            | 1,096,446                       | 4,993,874                   | 10,710,395                                  | 87                     |
| 4          | Resource & Energy Investment                                 | 4,438,056                            | 234,894                         | 12,478,365                  | 17,151,315                                  | 65                     |
| <b>245</b> | <b>Loans/Equity Investments Approved</b>                     | <b>46,485,391</b>                    | <b>10,537,018</b>               | <b>97,276,096</b>           | <b>154,298,505</b>                          | <b>1,125</b>           |

\*Community Economic Expansion Loans \$6,981,138; Joint Venture Loans \$10,570,350

\*\*Entrepreneur Loans \$2,121,762; Joint Venture Loans \$2,498,313

**245 Loans Approved = \$46,485,391**





## FPEGF Approved Support Applications

### Support Applications Approved for Period April 1, 2018 to March 31, 2019

| #  | Program                              | FPEGF<br>Amount<br>Approved**<br>(A) | Dollars Leveraged               |                             | Impact on<br>Manitoba<br>Economy<br>(A+B+C) |
|----|--------------------------------------|--------------------------------------|---------------------------------|-----------------------------|---------------------------------------------|
|    |                                      |                                      | BCF* Dollars<br>Approved<br>(B) | All Other<br>Dollars<br>(C) |                                             |
| 3  | Aftercare                            | 41,615                               | -                               | 26,155                      | 67,770                                      |
| 18 | Business Plan Assistance             | 33,019                               | 99,745                          | 44,256                      | 177,020                                     |
| 21 | <b>Support Applications Approved</b> | <b>74,634</b>                        | <b>99,745</b>                   | <b>70,411</b>               | <b>244,790</b>                              |

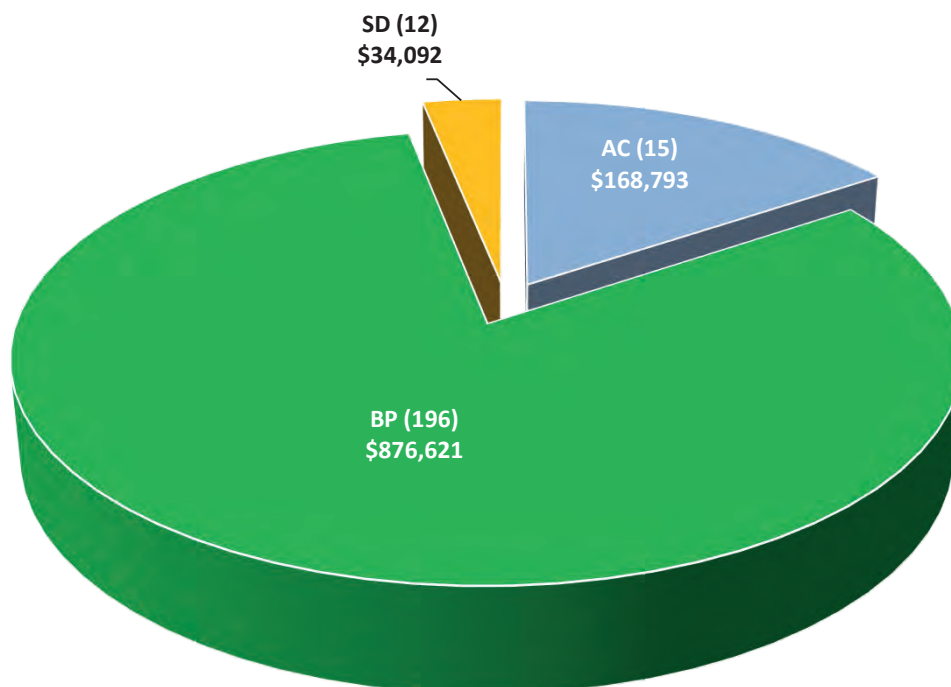
### Grand Total of Support Applications Approved from September 23, 2008 to March 31, 2019

| #   | Program                              | FPEGF<br>Amount<br>Approved**<br>(A) | Dollars Leveraged               |                             | Impact on<br>Manitoba<br>Economy<br>(A+B+C) |
|-----|--------------------------------------|--------------------------------------|---------------------------------|-----------------------------|---------------------------------------------|
|     |                                      |                                      | BCF* Dollars<br>Approved<br>(B) | All Other<br>Dollars<br>(C) |                                             |
| 15  | Aftercare                            | 168,793                              | -                               | 74,913                      | 243,706                                     |
| 196 | Business Plan Assistance             | 876,621                              | 564,189                         | 561,800                     | 2,002,610                                   |
| 12  | Skills Development                   | 34,092                               | -                               | 11,371                      | 45,463                                      |
| 223 | <b>Support Applications Approved</b> | <b>1,079,506</b>                     | <b>564,189</b>                  | <b>648,084</b>              | <b>2,291,779</b>                            |

\*\* Some Loan and Support dollars have not been disbursed as at March 31, 2019. Commitments will be disbursed once all Terms and Conditions are met.

\* BCF - Business Contribution Fund delivered by FPEGF.

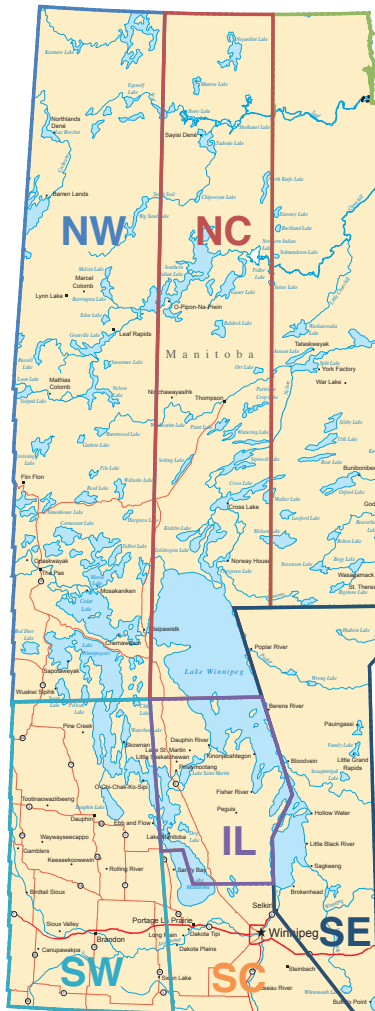
### 223 Support Applications Approved = \$1,079,506



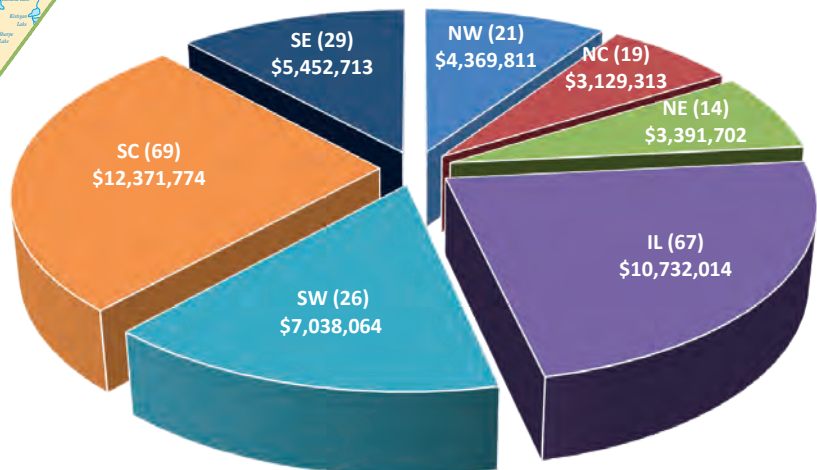


# FPEGF Total Approvals by Geographic Region

September 23, 2008 to March 31, 2019

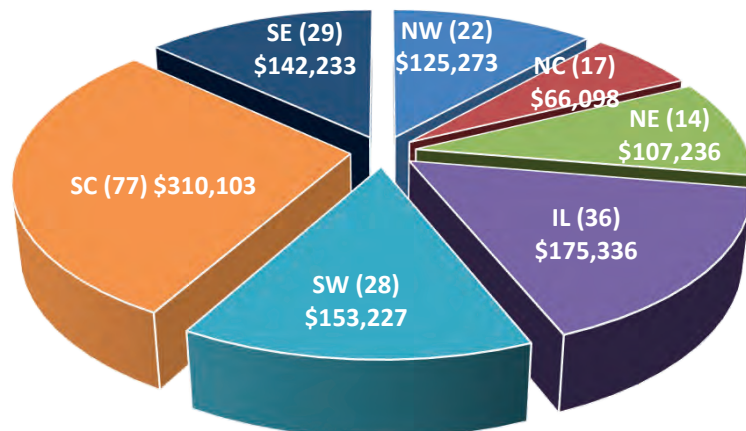


245 Loans Approved = \$46,485,391



223 Support Applications Approved = \$1,079,506

- NW – Northwest
- NC – North Central
- NE – Northeast
- IL – Interlake
- SW – Southwest
- SC – South Central
- SE – Southeast





## FPEGF's Business Contribution Fund

### BCF Applications Approved for Period April 1, 2018 to March 31, 2019

| # Type                                               | BCF Dollars Approved* (A) |                     |               |                  | Dollars Leveraged** (B) | Total (A+B)      |
|------------------------------------------------------|---------------------------|---------------------|---------------|------------------|-------------------------|------------------|
|                                                      | Business Planning         | Capital & Operating | Marketing     | Business Support |                         |                  |
| 21 Business Planning                                 | 116,707                   |                     |               |                  | 6,785                   | 123,492          |
| 25 Capital & Operating, Marketing & Business Support |                           | 1,734,129           | 33,898        | 19,963           | 635,000                 | 2,422,990        |
| <b>46 BCF Support Applications Approved</b>          | <b>116,707</b>            | <b>1,734,129</b>    | <b>33,898</b> | <b>19,963</b>    | <b>641,785</b>          | <b>2,546,482</b> |

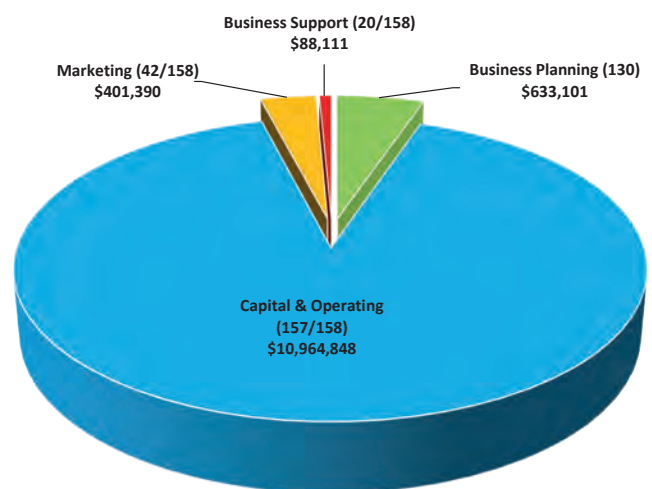
### Grand Total of BCF Support Applications Approved from February 11, 2013 to March 31, 2019

| # Type                                                | BCF Dollars Approved* (A) |                     |                |                  | Dollars Leveraged** (B) | Total (A+B)       |
|-------------------------------------------------------|---------------------------|---------------------|----------------|------------------|-------------------------|-------------------|
|                                                       | Business Planning         | Capital & Operating | Marketing      | Business Support |                         |                   |
| 130 Business Planning                                 | 633,101                   |                     |                |                  | 26,232                  | 659,333           |
| 158 Capital & Operating, Marketing & Business Support |                           | 10,964,848          | 401,390        | 88,111           | 3,897,405               | 15,351,754        |
| <b>288 BCF Support Applications Approved</b>          | <b>633,101</b>            | <b>10,964,848</b>   | <b>401,390</b> | <b>88,111</b>    | <b>3,923,637</b>        | <b>16,011,087</b> |

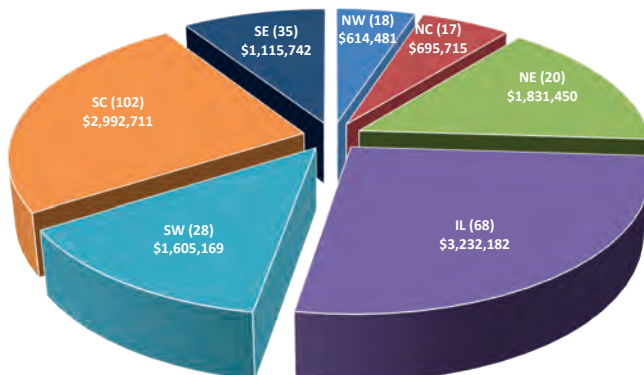
\* Some BCF Support dollars have not been disbursed or were partially disbursed as at March 31, 2019. Commitments will be fully disbursed once all Terms and Conditions are met.

\*\* Some Dollars Leveraged amounts already reported in Approved Loan and Support Applications statistics (see page 7).

288 BCF Approvals by Type = \$12,087,450



288 BCF Approvals by Geographic Region = \$12,087,450







## Staff



**Ian Cramer**  
CEO



**Joyce Lillie**  
Accountant/  
Office Manager



**Yvonne Dubois**  
Executive  
Assistant/Loans  
Administrator



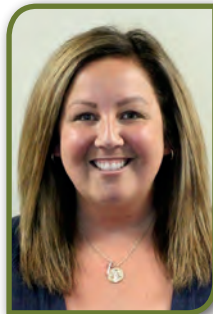
**Robyn Wozney**  
BCF Manager



**Daryl Bone**  
Loans Account  
Manager



**Fabian Sanderson**  
Loans Account  
Manager



**Tiffany Monkman**  
Loans Account  
Manager



**Blair Strong**  
Administrative  
Assistant/  
Claims Clerk



**Destiny Williams**  
Administrative  
Assistant/  
Claims Clerk

YOUR  
SUCCESS  
IS OUR  
GOAL









### Cook's Campground & Cabins Terry Cook



I purchased the Campground, with the help of First Peoples Economic Growth Fund, a decade ago. Since then I have developed the business further with aid from the Group. FPEGF first came to my attention when an acquaintance of mine, working with Funding for educational development, mentioned she had knowledge of organizations that work with Aboriginal Business start ups.

My first contact with FPEGF was by phone and staff started guiding me through the process of applying for Loans and grants, I could possibly obtain, and the requirements needed to make the applications. They had me fill out an application to receive partial funding for the writing of a professional Business Plan needed for my financing request. This allowed them and me, to see the value of my plan and the viability of the business I wanted to purchase and develop.

When the business plan was completed, it was included with the application for loans and grants to partially fund my business acquisition. The business plan was made with the aid of a professional and laid out the future development of the business well. Unfortunately, the past income statements of the business I purchased did not stand the criteria for the 30% Grant I could have received. The application did allow me to get a 50% interest free loan to purchase the business I have been developing for the past decade.

I have gone again to request funding to further develop the Campground and Cabin Business. I went through the same processes to apply for a sewage truck with a plow to better allow my customers to access my business in the winter and service septic tanks year-round. This plan also required a 30 x 40' heated shop to allow maintenance on the equipment. This application was approved for the loan and grant. There is no question the professional services used in the business plans and application for funds made the process not just possible but made it much easier on applicants, like me, that do not have formal business training.

The business is growing and now we have plans to add another rental cabin to the 5 already on the property. The camp is on the edge of the lake and there are also plans to develop a protected marina for our customer's watercraft.

Without the aid of First Peoples Economic Growth Fund I would have had to remortgage my home to possibly get a Business Loan. The guidance from the staff and their understanding and expertise made the process pleasurable instead of it being a chore.



## Client Testimonials

### Dreamcatcher Promotions Michelle Cameron

My name is Michelle Cameron and I am a member of Peguis First Nation. Dreamcatcher Promotions has been in operation full time since 2013. Our business was just a vision and a dream that has flourished into a thriving and growing business. I am very proud to say that we are 100% First Nation owned and operated.

Over the course of 6 years, we have had many obstacles and challenges along the way. In the beginning stages, FPEGF was there for us to help with our business idea and develop a business plan that would later guide us to where we are today. We are extremely grateful for the support and guidance we have received. One of the biggest challenges was to acquire the equipment to run an embroidery business, which FPEGF helped fund through the Loan and Grant Program. Second challenge was to get out there and get business. This is probably by far one of our biggest challenges. In the embroidery and promotional business everyone already had “a guy” that they went to order from already when we started out. It took time and nurturing of each client that we brought on board to showcase our customer service skills and quality of our work. With each new client came 2 more, from word of mouth because of how we treated our customers.

The service and support we received and still receive today from FPEGF staff has been exceptional. They made the whole process easy and had an answer for us whenever we needed it. The staff were very helpful and have the experience and were very knowledgeable to a new business.

FPEGF has been an integral part of our success, as we would not have been able to start and grow Dreamcatcher Promotions to the business we are today.

Today, Dreamcatcher Promotions has grown from a two-person operation to a staff of nine, which includes Reception, Embroidery Dept, Finance Dept, Order Administrators and Shipping and Receiving Dept. There are also big changes coming for us, which will include a brand new Ecommerce website, which will allow for online ordering and processing. This is a very new and exciting time for us. The industry is changing and so we must change with it and have the capability to service our clients online as well as in person or over the phone.

Again, none of these things would be possible without the support and guidance of First Peoples Economic Growth Fund staff and Management. I am eternally grateful.







## M. Morgan Electric Myles Morgan



My name is Myles Morgan, Owner of M. Morgan Electric. My business is providing commercial and residential electric work throughout Manitoba. I started my business in 2005 and employed two people now I employ ten people. In 2011, I learned of First Peoples Economic Growth Fund and applied for financing to expand my business.

The staff at FPEGF was very helpful and the process was very simple. I was required to get my business plan in place and make sure I knew all the costs of what I needed to expand my company. FPEGF provide a non-repayable contribution to cover 75% of the cost to develop my business plan, Robyn Wozney was great to work with, very knowledgeable and so helpful!

Had I not received financing, I probably would be still paying off the first shop loan. I would not have been able to expand to the size of the company that I am today without the help of FPEGF. My business is doing very well, my staff is locally hired and because of the success of my business I am able to provide donations for various events in the communities I work with.





## Client Testimonials

### Forest Hills Cabins & RV Park Swan Lake First Nation

Swan Lake First Nation first embarked on the Idea of developing Cabins Rentals and RV Park to complement the anticipated increase of traffic/people in the area when it was certain the Sand Hills Casino would be built on Swan Lake First Nation (7A) Lands, located near Spruce Woods Provincial Park.

Swan Lake First Nation approached a financial institution for a loan for the entirety of the 1.2 million dollar project. Given the type of business being funded, a substantial Cash Contribution was required by the financial institution. With the Swan Lake First Nations Cash Equity Contribution along with FPEGF \$300,000.00 interest-free loan we were able to leverage the other financing we needed for the project.

We learned about FPEGF through the various Economic Development events attended by our staff. Working with the team from FPEGF was easy where we were able to all understand and work through the various cash flow issues, commitments and priorities of all parties involved.

This year marks four years of operation of The Forest Hills Cabins and RV Park. We are still working towards ways to improve, enhance and increase our business. Weekends at the cabins are booked well in advance. On some occasions the Cabins and RV Parks are booked a year in advance for family reunion functions, Christmas and New Year's. The 46 bay RV Park (30-50 amp service) is being continuously utilized, with times to almost full capacity on weekends throughout the summer months. There are also several bays that are rented out as seasonal sites for those customers that want to occupy the site all year. Our staff is continuously complimented as to the operations and cleanliness of our Cabins and RV Park.

A spin off to the Cabins and RV Park, SLFN renovated an older dwelling to house a Conference/ Boardroom where various organizations (up to 20 people) have used the facilities for meetings.

We at Swan Lake First Nation have utilized FPEGF Inc. on a smaller scale recently where again they are playing an instrumental role in the initiation of a new SLFN business venture.

I strongly recommend First Nations and their Members utilize FPEGF Inc. for any business ventures they may have in the future.

**Desmond Gould**  
Director of Operations  
Swan Lake First Nation



Manitoba  
Economic Development  
travelmanitoba.com

Manitoba's  
Newest Hidden Treasure

Proudly Owned And Operated By  
Swan Lake  
FIRST NATION

**Forest Hills**  
CABIN RENTALS/RV PARK  
& MEETING CENTRE



### Tataskweyak Cree Nation Gaming Commission

TCNGC (Tataskweyak Cree Nation Gaming Commission) was established in 1995 as a means of generating additional revenues for TCN (Tataskweyak Cee Nation), and began operations by running bingos. In 1998 TCNGC was granted a license by Manitoba Lotteries Commission (MLC) to operate 10 video lottery terminals (VLTs), so they established operations in the TMC Arena. In 2000, TCNGC received a MLC license for 20 more VLTs, bringing the total to its current number of 30. 25 VLTs were located in the TMC arena, while 5 are located in the adjacent Kistepinanik Hotel (100% owned/operated by TCN). TCNGC has operated the VLTs successfully for the past 17 years and has been a major contributor to TCN's revenues.



The rationale for constructing TCNGC's own facility and expanding operations was three-fold:

- Having VLTs in a recreational complex (TMC Arena), where youth often go is not ideal.
- The current space in the arena (2nd floor mezzanine) is cramped in terms of office space and gaming area.
- More space would allow for additional VLTs and a poker table, thus presenting an opportunity to generate even greater revenues.

Thus, with the help of FPEGF, a 4,604 sq. ft. facility was constructed and the 30 VLTs (plus 10 more) were relocated into the new facility, making it a comprehensive gaming centre (to include poker tables). The building was built to accommodate additional VLTs as well.

While TCNGC's old location in the arena attracted people from Split Lake and nearby communities (ie. Ilford, York Landing), the clientele has expanded with the additional space and more gaming opportunities. In addition, it is a more attractive environment.

TCN heard about FPEGF through our economic development contacts and word of mouth. The interest free loan and business contribution was the reason we approached FPEGF for financing. TCN found FPEGF were extremely helpful from start to finish. We appreciated that FPEGF worked with us throughout the entire process, as opposed to us having to sit back and wait to hear back. If TCN did not receive financing from FPEGF TCNGC would have been saddled with more debt, thus decreasing the economic benefits to the community of TCN. The gaming centre is currently doing very well in its new environment.

TCNGC continues to be an enormous benefit to the community. Operating this sustainable business generates wealth for the First Nation, provides management opportunities, employment to TCN members, and provides donations to community groups. The gaming centre's biggest impact is in bereavement/destitute payments. TCNGC is a major contributor in assisting TCN members with expenses relating to funerals and terminal/critical situations, these include mostly travel costs for affected family members.

TCN would absolutely apply for financing from FPEGF in the future. As a matter of fact, TCN is in the process of doing so now for other business opportunities.

**Keith Burak,**  
Economic Development Advisor, TCN  
TCNGC





## Joyce Lillie (Retired)



Joyce was the first employee hired by the CEO at FPEGF in July 2008. She was hired as the Accountant and Office Manager. Joyce was responsible for all financial matters and reported directly to the CEO.

Joyce was born in 1953 in Portage la Prairie, and was raised on the Dakota Tipi First Nation. Her Father was Dakota Sioux and her Mother Ojibway. Joyce graduated high school in Portage la Prairie and several years later enrolled in the Asper School of Business at the University of Manitoba where she obtained her Bachelor of Commerce Honours degree. Before joining FPEGF, Joyce worked for several years in Calgary for Shell Canada in their accounting department.

Joyce was a great employee as she brought a wealth of practical experience with her as well as a Bachelor of Commerce Honours degree. Joyce also brought a calm sense of maturity & enhanced problem solving skills that most employers have trouble finding in their employees.

She worked for FPEGF for almost 11 years until her retirement on March 31, 2019. We will miss Joyce's work ethic, dedication to the organization and her pride in doing an excellent job of accountability and transparency with the finances.

Joyce's Co-workers weigh in on her retirement:

*I worked with Joyce at FPEGF for 10 years. During that time I learned a lot from her. She is one of the smartest, most dedicated people I know. We had many laughs over the years and she will definitely be missed.*

*- Yvonne Dubois, Loans Administrator*

*I have worked with Joyce at FPEGF for 5 years. I consider her a co-worker, a mentor and a friend. Joyce has an incredibly strong work ethic and sense of responsibility to both her role and the organization. I could not ask for a better person to work with or to learn from. She will be missed by all of us at FPEGF.*

*- Robyn Wozney, BCF Manager*

We wish Joyce all the very best in her retirement years, where she enjoys spending time with her husband Wayne, her children, grandchildren and her first Great-grandchild.

# *Financial Statements*

*Year Ended March 31, 2019*



## **FIRST PEOPLES** economic growth fund



## Independent Auditor's Report



To the Members of First Peoples Economic Growth Fund Inc. (Business Contribution Fund)

### *Opinion*

We have audited the financial statements of First Peoples Economic Growth Fund Inc. (the Company), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and net assets and cash flows 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 Company as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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 accounting standards for not-for-profit organizations, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

1-554 St. Mary's Road. Winnipeg, MB R2M 3L5  
Telephone: (204) 943-1584 Fax: (204) 957-5195  
E-mail: [info@exg.ca](mailto:info@exg.ca) Website: [www.exg.ca](http://www.exg.ca)



# Independent Auditor's Report



Independent Auditors' Report to the Members of First Peoples Economic Growth Fund Inc. *(continued)*

- 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 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 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 auditors' 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 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.

*Exchange*

Chartered Professional Accountants LLP  
Winnipeg, Manitoba  
June 12, 2019

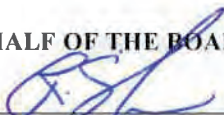


# Statement of Financial Position

March 31, 2019

|                                                 | 2019                 | 2018                 |
|-------------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                                   |                      |                      |
| <b>CURRENT</b>                                  |                      |                      |
| Cash                                            | \$ 9,632,790         | \$ 6,112,951         |
| Short-term investments (Note 3)                 | 7,595,328            | 12,013,571           |
| Accrued interest and other receivables (Note 5) | 119,179              | 126,534              |
| Prepaid expenses                                | 10,327               | 11,863               |
|                                                 | 17,357,624           | 18,264,919           |
| PROPERTY AND EQUIPMENT (Notes 3, 6)             | 24,212               | 36,206               |
| LOANS RECEIVABLE (Notes 3, 7, 8)                | 15,955,772           | 12,905,729           |
| INVESTMENT IN 6606254 MANITOBA LTD. (Note 3)    | 100                  | 100                  |
|                                                 | <u>\$ 33,337,708</u> | <u>\$ 31,206,954</u> |
| <b>LIABILITIES</b>                              |                      |                      |
| <b>CURRENT</b>                                  |                      |                      |
| Accounts payable and accrued liabilities        | \$ 30,219            | \$ 31,717            |
| LOAN SECURITY                                   | 24,139               | 23,209               |
|                                                 | <u>54,358</u>        | <u>54,926</u>        |
| <b>NET ASSETS</b>                               |                      |                      |
| Contributed surplus (Note 2)                    | 3,750,000            | 3,750,000            |
| Net assets                                      | 29,533,350           | 27,402,028           |
|                                                 | <u>33,283,350</u>    | <u>31,152,028</u>    |
|                                                 | <u>\$ 33,337,708</u> | <u>\$ 31,206,954</u> |
| <b>RESTRICTIONS AND COMMITMENTS (Note 11)</b>   |                      |                      |

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

# Statement of Operations

Year Ended March 31, 2019



|                                                | 2019                 | 2018                 |
|------------------------------------------------|----------------------|----------------------|
| <b>REVENUE</b>                                 |                      |                      |
| Province of Manitoba                           | \$ 2,700,000         | \$ 2,700,000         |
| Business Contribution Fund - Operating         | 305,042              | 301,973              |
| Business Contribution Fund - Equity Fund       | 1,917,221            | 1,870,023            |
| Interest on short-term investments             | 361,109              | 266,717              |
| Interest accretion                             | 679,973              | 572,038              |
| Interest on loans receivable                   | 489,961              | 465,147              |
| Loan fees                                      | 79,220               | 15,367               |
| Miscellaneous                                  | 2,229                | 9,171                |
|                                                | <b>6,534,755</b>     | <b>6,200,436</b>     |
| <b>ASSISTANCE COSTS</b>                        | <b>2,901,762</b>     | <b>1,567,789</b>     |
| <b>EXCESS OF REVENUE OVER ASSISTANCE COSTS</b> | <b>3,632,993</b>     | <b>4,632,647</b>     |
| <b>ADMINISTRATIVE COSTS</b>                    |                      |                      |
| Advertising and promotion                      | 27,066               | 35,795               |
| Amortization of property and equipment         | 11,994               | 14,659               |
| Bad debts general fund                         | 480,541              | 168,468              |
| Bank charges                                   | 1,222                | 1,123                |
| Consulting fees                                | 13,409               | 23,319               |
| Equipment                                      | 6,765                | 3,282                |
| Insurance                                      | 5,270                | 5,116                |
| Office expense                                 | 56,498               | 53,323               |
| Professional development and training          | 1,600                | 3,360                |
| Professional fees                              | 63,419               | 60,114               |
| Recruiting                                     | 5,043                | 5,656                |
| Rent                                           | 70,910               | 70,664               |
| Salaries and benefits                          | 740,261              | 687,420              |
| Travel and conferences                         | 17,673               | 17,513               |
|                                                | <b>1,501,671</b>     | <b>1,149,812</b>     |
| <b>OPERATING SURPLUS BEFORE OTHER LOSSES</b>   | <b>2,131,322</b>     | <b>3,482,835</b>     |
| IMPAIRMENT LOSS ON INVESTMENT (Note 9)         | -                    | (824,439)            |
| <b>OPERATING SURPLUS</b>                       | <b>2,131,322</b>     | <b>2,658,396</b>     |
| <b>NET ASSETS - BEGINNING OF YEAR</b>          | <b>27,402,028</b>    | <b>24,743,632</b>    |
| <b>NET ASSETS - END OF YEAR</b>                | <b>\$ 29,533,350</b> | <b>\$ 27,402,028</b> |

See notes to financial statements



# Statement of Cash Flows

Year Ended March 31, 2019

|                                          | 2019                | 2018                |
|------------------------------------------|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>              |                     |                     |
| Operating surplus                        | \$ 2,131,322        | \$ 2,658,396        |
| Items not affecting cash:                |                     |                     |
| Amortization of property and equipment   | 11,994              | 14,659              |
| Bad debts general fund                   | 480,541             | 168,468             |
| Impairment loss on investments           | -                   | 824,439             |
| Interest accretion                       | (679,973)           | (572,038)           |
| Interest on loans receivable             | (489,961)           | (465,147)           |
| Loan discount expenses                   | 1,101,219           | 234,301             |
|                                          | <u>2,555,142</u>    | <u>2,863,078</u>    |
| Changes in non-cash working capital:     |                     |                     |
| Accrued interest and other receivables   | 7,355               | 360,728             |
| Accounts payable and accrued liabilities | (1,498)             | (34,046)            |
| Prepaid expenses                         | 1,536               | (1,424)             |
|                                          | <u>7,393</u>        | <u>325,258</u>      |
| Cash flow from operating activities      | <u>2,562,535</u>    | <u>3,188,336</u>    |
| <b>INVESTING ACTIVITIES</b>              |                     |                     |
| Loans granted                            | (6,826,672)         | (2,286,490)         |
| Loan repayments                          | 3,364,803           | 5,371,938           |
| Net change of short-term investments     | 4,418,243           | (1,212,353)         |
| Purchase of REIP investment              | 930                 | 23,209              |
|                                          | <u>957,304</u>      | <u>1,896,304</u>    |
| Cash flow from investing activities      | <u>957,304</u>      | <u>1,896,304</u>    |
| <b>INCREASE IN CASH</b>                  | <u>3,519,839</u>    | <u>5,084,640</u>    |
| CASH - BEGINNING OF YEAR                 | <u>6,112,951</u>    | <u>1,028,311</u>    |
| <b>CASH - END OF YEAR</b>                | <u>\$ 9,632,790</u> | <u>\$ 6,112,951</u> |

See notes to financial statements



# Notes to Financial Statements

Year Ended March 31, 2019



---

## 1. INCORPORATION

First Peoples Economic Growth Fund Inc. ("the Corporation") was incorporated as a corporation without share capital under the Corporation Act (Manitoba) on October 3, 2007. The Province of Manitoba, as represented by the Minister of Indigenous and Municipal Relations ("the Province"), and the Assembly of Manitoba Chiefs Secretariat Inc. ("AMC") are the sole voting members of the Corporation.

---

## 2. DESCRIPTION OF BUSINESS

### General Business Assistance Program

On October 3, 2007, the Province and AMC entered into a Unanimous Members Agreement that sets out the Program Principles and Program Outlines under which the Corporation will operate. The Program principles include:

Supporting those projects that are economically viable and provide a positive return on investment to First Nations entrepreneurs, communities, the Corporation and its sponsors;

Leveraging investments in First Nations enterprise and giving priority to those projects that can act as a catalyst for further economic development;

Enabling First Nations' human capital, infrastructure or community capacity;

Creating jobs, particularly long-term and sustainable employment opportunities in communities where there is high unemployment; and

Meeting or exceeding prevailing environmental and health standards as set out by legislation, regulation and/or municipal codes.

Furthermore, while considering projects of high economic return, the Corporation will also consider the relative needs of the applicants. In general, applications of exceptional merit and the greatest need will receive the highest priority. Furthermore, a portion of the Corporation's programs and activities will be reserved for projects originating in rural and northern Manitoba.

While the Program outlines may from time to time be amended by the Corporation's Board of Directors, the Corporation will offer the following programs:

### Financing Programs

- Joint Venture Program
- Community Economic Expansion Program
- Entrepreneur Loan Program

### Support Programs

- Business Plan Assistance Program
- Aftercare Program
- Skills Development Program

(continues)

---



# Notes to Financial Statements

Year Ended March 31, 2019

---

## 2. DESCRIPTION OF BUSINESS *(continued)*

### Resource and Energy Investment Program

On March 25, 2009, the Corporation and the Department of Indian Affairs and Northern Development ("AANDC") entered into an agreement to create the Resource and Energy Investment Program ("REIP"). The REIP is funded as follows: AANDC \$3,000,000, the Corporation \$1,500,000 and Manitoba Hydro \$750,000. \$3,750,000 of this funding has been reflected as contributed surplus in the statement of financial position. The programs and goals of the REIP focus on the following:

A self sustaining, revolving capital pool that will grow and ultimately create sustainable First Nation economic development in the resource and energy sector of Manitoba.

Leverage private industry partner investment financing from financial institutions or other non-governmental services, and other equity investments.

The Program and goals of the REIP will be administered through two types of investments - sub-debt and equity financing. The REIP is an investment fund - there will be expectations of a return, however it will consider requirements for "patient capital", where returns may be deferred during a development period. Sub-debt will typically include medium term loans that would take a subordinate security position to bank financing, typically for a higher rate of interest. Equity financing may take several forms such as partnership units, common equity or preferred shares with fixed dividend provisions or returns based on available profits. The shares may also be redeemable or convertible in defined circumstances.

### Business Contribution Fund

During the year ended March 31, 2019, the Corporation and the National Aboriginal Capital Corporations Association ("NACCA") entered into an agreement to continue the Business Contribution Fund ("BCF"). NACCA will provide \$305,042 in operational funding and \$1,917,221 in equity funding for the year ended March 31, 2019. Funding for the remaining term of the agreement ended March 31, 2019 will be assessed once budget and performance targets are reviewed by NACCA.

The programs and goals of the BCF will focus on:

Providing non-repayable contributions to businesses owned by either First Nation individuals up to \$99,999 and businesses owned by a Manitoba First Nation or a group of Manitoba First Nations up to \$250,000.

---

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

*(continues)*

# Notes to Financial Statements

Year Ended March 31, 2019



---

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

### Short-term investments

Short-term investments consist of guaranteed investment certificates with original terms to maturity of greater than 90 days.

### Loans receivable

At the time loans are advanced, they are recognized at fair value and then subsequently recorded at amortized cost using the effective interest method of amortization. Loans are stated net of an allowance for loan losses which is established to recognize estimated and probable losses. Loans are written off when there is no realistic prospect of recovering the loan in full. Recoveries on loans previously written off are taken into income.

See Note 8 for details related to policies for loans receivable.

### REIP investment

REIP investments represent ownership in a limited liability partnership that is not actively traded and is accounted for at cost. Management assesses impairment of the investment on an annual basis.

### Investment in 6606254 Manitoba Ltd.

The investment in 6606254 Manitoba Ltd. represents the 100% ownership of the general partner in the CFOM1 Limited partnership agreement. 6606254 Manitoba Ltd. acts as the bare trustee for CFOM1 Limited Partnership. This investment is accounted for at cost.

### Impaired loans and allowance for loan impairment

The Corporation maintains an allowance for loan impairment which reduces the carrying value of these loans to their estimated realizable amounts. The loan is considered impaired if the Corporation no longer has reasonable assurance that the full amount of the principal and interest, if any, will be collected in accordance with the terms of the loan agreement. Estimated realizable amounts are determined by estimating the fair value of security underlying the loans and deducting costs of realization, or by discounting the expected future cash flows at the effective interest rate. Changes in the estimated realizable amounts arising subsequent to initial impairment recognition are recorded as a charge or credit in the statement of operations and net assets.

*(continues)*

---



# Notes to Financial Statements

Year Ended March 31, 2019

---

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Revenue recognition

Amounts received or receivable pursuant to individual funding agreements are recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue on loans receivable is recorded as income using the effective interest rate method except for loans which are considered impaired. Recognition of income ceases when it becomes apparent that the loan is impaired.

Interest on short-term investments is recognized as income when earned.

Loan fees represent reimbursements of legal and other costs incurred to set up the loan, and are therefore classified as revenue when charged, to match the period of related expenses.

### Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Normal repair and maintenance costs are expensed as incurred. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

|                        |           |                                           |
|------------------------|-----------|-------------------------------------------|
| Computer equipment     | 25% - 50% | straight-line method                      |
| Website development    | 20%       | straight-line method                      |
| Office furniture       | 20%       | straight-line method                      |
| Leasehold improvements |           | Term of leasehold plus one renewal period |

### Income taxes

The Corporation is a not-for-profit organization and accordingly, is not subject to income taxes under provisions of the Income Tax Act.

---

## 4. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2019.

### Credit risk

Credit risk arises from the potential that a counter-party will fail to perform its obligations. The Corporation is exposed to credit risk from individuals and businesses to whom funds have been loaned. In order to reduce its credit risk, the Corporation has adopted credit policies which include the analysis of the borrower's net worth, credit rating, financial viability of the business, personal guarantees and subordinate positions as collateral.

### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is exposed to other price risk through its REIP investment.



# Notes to Financial Statements

Year Ended March 31, 2019



## 5. ACCRUED INTEREST AND OTHER RECEIVABLES

|                                            | 2019              | 2018              |
|--------------------------------------------|-------------------|-------------------|
| Goods and services tax                     | \$ 6,081          | \$ 5,731          |
| Loan fees                                  | 5,356             | 5,628             |
| Accrued interest on short-term investments | 107,742           | 115,175           |
|                                            | <u>\$ 119,179</u> | <u>\$ 126,534</u> |

## 6. PROPERTY AND EQUIPMENT

|                        | 2019              |                          | 2018              |                          |
|------------------------|-------------------|--------------------------|-------------------|--------------------------|
|                        | Cost              | Accumulated amortization | Cost              | Accumulated amortization |
| Computer equipment     | \$ 66,528         | \$ 58,434                | \$ 66,528         | \$ 54,387                |
| Website development    | 12,853            | 12,853                   | 12,853            | 12,853                   |
| Office furniture       | 114,979           | 110,905                  | 114,979           | 106,483                  |
| Leasehold improvements | 24,675            | 12,631                   | 24,675            | 9,106                    |
|                        | <u>\$ 219,035</u> | <u>\$ 194,823</u>        | <u>\$ 219,035</u> | <u>\$ 182,829</u>        |
| Net book value         | <u>\$ 24,212</u>  |                          | <u>\$ 36,206</u>  |                          |

## 7. LOANS RECEIVABLE

Loans are classified as follows:

|                                              | 2019                 | 2018                 |
|----------------------------------------------|----------------------|----------------------|
| Resource and Energy Investment Program Loans | \$ 235,349           | \$ 266,468           |
| Entrepreneur Loans                           | 4,203,843            | 4,013,488            |
| Joint Venture Loans                          | 7,977,332            | 5,864,451            |
| Community Economic Expansion Loans           | 4,352,914            | 3,428,704            |
| Accrued interest on loans                    | 85,218               | 70                   |
| Allowance for doubtful accounts              | (898,884)            | (667,452)            |
|                                              | <u>\$ 15,955,772</u> | <u>\$ 12,905,729</u> |



## Notes to Financial Statements

Year Ended March 31, 2019

### 8. RECONCILIATION OF LOANS RECEIVABLE

Changes in loans receivable activity for the year are as follows:

|                                                                    | 2019          | 2018          |
|--------------------------------------------------------------------|---------------|---------------|
| Loans receivable - beginning of year                               | \$ 12,905,729 | \$ 15,356,761 |
| Gross loans granted                                                | \$ 6,826,672  | \$ 2,286,490  |
| Bad debts and loan renegotiation expense <sup>(2)</sup>            | (480,541)     | (168,468)     |
| Interest rate discount to fair value <sup>(3)</sup>                | (1,101,219)   | (234,301)     |
| Interest accretion and interest on loans receivable <sup>(4)</sup> | 1,169,934     | 1,037,185     |
| Less: Loan repayments received                                     | (3,364,803)   | (5,371,938)   |
|                                                                    | \$ 15,955,772 | \$ 12,905,729 |

<sup>(1)</sup> At the Corporation's option, up to 25% of the gross loans under the Community Economic Expansion program can be forgiven if the lender's repayment experience is favourable. At the time the loans are disbursed, the Corporation established a reserve in the amount of \$127,845 (2018 - \$Nil) for the full amount that can be forgiven.

<sup>(2)</sup> The Corporation has determined that bad debts and loan renegotiation expenses in the amount of \$480,541 (2018 - \$168,468) was required, related to loans outstanding at March 31, 2019. This allowance represents the present value of the amounts determined to be uncollectible using the same discount rate as the loans granted.

- During the year ended March 31, 2019, \$2,540 was recorded as a bad debt recovery in respect to a Joint Venture loan.
- The remaining \$483,081 in bad debts relates to a few loans in the General Loan Fund.

<sup>(3)</sup> Entrepreneur Loans and Community Economic Expansion Loans are issued with an interest rate of 0%. These loans are recognized at inception at the discounted fair value using a discount rate of 8%. Therefore, during the year, loans having a face value of \$3,772,572 (2018 - \$1,174,947) were discounted by \$1,101,219 (2018 - \$234,301).

<sup>(4)</sup> Interest income accretes on the loans receivable at a rate equal to the discount rate used at inception. Interest in the amount of \$679,973 (2018 - \$572,038) was recorded as interest accretion and \$489,960 (2018 - \$465,147) was recorded as interest on loans receivable.

# Notes to Financial Statements

Year Ended March 31, 2019



---

## 9. REIP INVESTMENT

First Peoples Economic Growth Fund has entered into a limited partnership with another First Nation organization called CFOMI Limited Partnership. CFOMI Limited Partnership has purchased a 45.65% interest in a partnership that owns and operates a drilling rig. The remaining 54.35% partnership interest in this partnership is held by a publicly listed company on the TSX. The equity ownership in this partnership meets the mandate of the REIP program since a drilling rig is in the energy industry.

Given the current market conditions relating to oil prices, the value of CFOMI Limited Partnership has decreased in value. Management historically relied on internal valuation reports prepared by the publicly listed company partner, which were audited by the partnership's independent, external auditor. During the course of the current audit, information related to the value of the asset indicated that a future return on investment was unlikely. Therefore the asset has been impaired to a \$NIL value.

---

## 10. PENSION PLAN

The Corporation has a defined contribution pension plan for its employees. The employees are responsible for paying half of the contributions into the plan, and the Corporation matches these contributions. The Corporation's expenses related to this plan for the current year were \$31,860 (2017 - \$28,226).

---

## 11. RESTRICTIONS AND COMMITMENTS

a) The Corporation has approved, but not yet disbursed, the following assistance related to support programs and loans receivable:

|                            |    |                  |
|----------------------------|----|------------------|
| Loans receivable           | \$ | 6,116,438        |
| Business plan assistance   |    | 14,370           |
| Business contribution fund |    | 1,259,787        |
| Skills development         |    | -                |
| Aftercare                  |    | 35,990           |
|                            | \$ | <u>7,426,585</u> |

These transactions have not been reflected in the financial statements. Commitments will be disbursed and recorded once all the terms and conditions under the lending agreements have been complied with by the party seeking the funds from the Corporation.

b) Operating lease

The Corporation has entered into an operating lease agreement for office space and various equipment. The aggregate minimum annual cash rental payments under lease agreements are as follows:

|                |    |        |
|----------------|----|--------|
| March 31, 2020 | \$ | 46,200 |
| 2021           |    | 21,874 |
| 2022           |    | 9,710  |
| 2023           |    | 9,710  |
| 2024           |    | 9,710  |

c) The Corporation's disbursements are limited to "eligible assistance cost" for the purpose described in note 2 and "eligible administrative costs" which include wages and benefits, general office overhead, insurance and professional fees as defined in the funding agreement.



# **Notes to Financial Statements**

*Year Ended March 31, 2019*

---

## 11. RESTRICTIONS AND COMMITMENTS *(continued)*

### d) Indemnification of directors and officers

The Corporation has agreed to indemnify its directors to the extent permitted by law against any and all charges, costs, expenses and amounts paid in settlement and damages incurred by them as a result of any lawsuit or any other judicial administrative or investigative proceeding in which they are sued as a result of their service.

---

## 12. ALLOCATED EXPENSES

During the year, certain expenses are being allocated amongst the three funds. The expenses are allocated based on proportional time spent by employees and actual use of supplies and equipment. Any expenses determined to be solely related to any program are charged in full to that program.

---

See notes to financial statements



# General Business Assistance Program

(Schedule 1)

Year Ended March 31, 2019



|                                                | 2019                | 2018                |
|------------------------------------------------|---------------------|---------------------|
| <b>REVENUE</b>                                 |                     |                     |
| Province of Manitoba                           | \$ 2,700,000        | \$ 2,700,000        |
| Interest accretion                             | 671,186             | 572,038             |
| Interest on loans receivable                   | 483,368             | 454,342             |
| Interest on short-term investments             | 361,109             | 266,717             |
| Loan fees                                      | 79,220              | 15,367              |
| Miscellaneous                                  | 2,229               | 4,301               |
|                                                | <b>4,297,112</b>    | <b>4,012,765</b>    |
| <b>ASSISTANCE COSTS</b>                        | <b>1,304,496</b>    | <b>283,305</b>      |
| <b>EXCESS OF REVENUE OVER ASSISTANCE COSTS</b> | <b>2,992,616</b>    | <b>3,729,460</b>    |
| <b>ADMINISTRATIVE COSTS</b>                    |                     |                     |
| Advertising and promotion                      | 17,331              | 22,434              |
| Amortization of property and equipment         | 6,339               | 8,125               |
| Bad debts                                      | 480,541             | 168,468             |
| Bank charges                                   | 1,222               | 1,120               |
| Consulting fees                                | 6,291               | 6,819               |
| Equipment                                      | 4,160               | 2,180               |
| Insurance                                      | 3,162               | 3,579               |
| Office                                         | 34,930              | 35,113              |
| Professional development and training          | 757                 | 2,016               |
| Professional fees                              | 44,103              | 39,897              |
| Recruiting                                     | 2,551               | 5,359               |
| Rent                                           | 46,668              | 49,759              |
| Salaries and benefits                          | 483,900             | 449,889             |
| Travel and conferences                         | 11,567              | 10,188              |
|                                                | <b>1,143,522</b>    | <b>804,946</b>      |
| <b>OPERATING SURPLUS (DEFICIT)</b>             | <b>\$ 1,849,094</b> | <b>\$ 2,924,514</b> |

See notes to financial statements



# Resource and Energy Investment Program

(Schedule 2)

Year Ended March 31, 2019

|                                                             | 2019            | 2018                |
|-------------------------------------------------------------|-----------------|---------------------|
| <b>REVENUE</b>                                              |                 |                     |
| Interest on loans receivable                                | \$ 6,593        | \$ 10,805           |
| Interest accretion                                          | 8,787           | -                   |
|                                                             | <u>15,380</u>   | <u>10,805</u>       |
| <b>ASSISTANCE COSTS</b>                                     | <u>-</u>        | <u>25,574</u>       |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER ASSISTANCE COSTS</b> | <u>15,380</u>   | <u>(14,769)</u>     |
| <b>ADMINISTRATIVE COSTS</b>                                 |                 |                     |
| Office                                                      | 3               | -                   |
| Professional fees                                           | 5,838           | 12,892              |
|                                                             | <u>5,841</u>    | <u>12,892</u>       |
| <b>OPERATING DEFICIT BEFORE OTHER LOSSES</b>                | 9,539           | (27,661)            |
| <b>OTHER LOSSES</b>                                         |                 |                     |
| IMPAIRMENT LOSS ON INVESTMENT (Note 9)                      | -               | (824,439)           |
| <b>OPERATING DEFICIT</b>                                    | <u>\$ 9,539</u> | <u>\$ (852,100)</u> |

See notes to financial statements

# Business Contribution Fund

(Schedule 3)

Year Ended March 31, 2019



|                                                | 2019              | 2018              |
|------------------------------------------------|-------------------|-------------------|
| <b>REVENUE</b>                                 |                   |                   |
| Business Contribution Fund - Equity Fund       | \$ 1,917,221      | \$ 1,870,023      |
| Business Contribution Fund - Operating         | 305,042           | 301,973           |
| Miscellaneous                                  | -                 | 4,870             |
|                                                | <b>2,222,263</b>  | <b>2,176,866</b>  |
| <b>ASSISTANCE COSTS</b>                        | <b>1,597,266</b>  | <b>1,258,910</b>  |
| <b>EXCESS OF REVENUE OVER ASSISTANCE COSTS</b> | <b>624,997</b>    | <b>917,956</b>    |
| <b>ADMINISTRATIVE COSTS</b>                    |                   |                   |
| Advertising and promotion                      | 9,735             | 13,361            |
| Amortization                                   | 5,655             | 6,534             |
| Bank charges                                   | -                 | 3                 |
| Consulting fees                                | 7,118             | 16,500            |
| Equipment                                      | 2,605             | 1,102             |
| Insurance                                      | 2,108             | 1,537             |
| Office                                         | 21,565            | 18,210            |
| Professional development and training          | 843               | 1,344             |
| Professional fees                              | 13,478            | 7,325             |
| Recruiting                                     | 2,492             | 297               |
| Rent                                           | 24,242            | 20,905            |
| Salaries and benefits                          | 256,361           | 237,531           |
| Travel and conferences                         | 6,106             | 7,325             |
|                                                | <b>352,308</b>    | <b>331,974</b>    |
| <b>OPERATING SURPLUS</b>                       | <b>\$ 272,689</b> | <b>\$ 585,982</b> |

See notes to financial statements





*Contact Us:*



# **FIRST PEOPLES**

## **economic growth fund**

---

*102-1075 Portage Avenue  
Winnipeg, Manitoba  
R3G 0R8*

*E-mail: [info@firstpeoplesfund.ca](mailto:info@firstpeoplesfund.ca)  
Website: [www.firstpeoplesfund.ca](http://www.firstpeoplesfund.ca)  
Phone: (204) 942-6026  
Fax: (204) 942-6441  
Toll Free: 1-888-942-6026*



**FIRST PEOPLES**  
economic growth fund