



FIRST PEOPLES

economic growth fund

2020-2021 Annual Report





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Background of First Peoples Economic Growth Fund

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.

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.



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 are jointly appointed by the Assembly of Manitoba Chiefs and the Province of Manitoba.



Rosa Walker

Chairperson, FPEGF Board

President and CEO, Indigenous Leadership Development Institute



George Merasty, CA

Secretary/Treasurer, FPEGF Board

Director of Finance, Manitoba First nations Education Resource Centre Inc.



Michael McMullen, MBA

Vice Chairperson, FPEGF Board

President, MCM Consulting Ltd.



Dr. Wanda (Wuttunee) Charles, PhD

Director, FPEGF Board

Professor of Native Studies, University of Manitoba



Jim Beardy

Director, FPEGF Board

Director of Finance and Administration, Keewatin Tribal Council



Staff

Ian Cramer

CEO

Robyn Wozney

Finance Manager

Fabian Sanderson

Loans Account Manager

Daryl Bone

Loans Account Manager

Eugene Desjarlais

Loans Account Manager

Tiffany Monkman

Loans Account Manager

Lesley Danielson

Administrative Assistant

Tricia McKay

Administrative Assistant

Message from First Peoples Economic Growth Fund



FIRST PEOPLES economic growth fund

As we all come together as a global community, our thoughts are with those affected by the virus and those working tirelessly to treat it. The situation with COVID-19 continues to evolve daily.

The widespread effects of the virus have been detrimental to all Manitoba First Nations and First Nation Entrepreneurs, and has been a strain on learning and adapting to work and life during these times.

First Peoples Economic Growth Fund understands and has been witness to the struggles faced by First Nations companies during the pandemic, and we commend all those businesses who fought so hard to keep their enterprises operating.

To accommodate our clientele, FPEGF provided loan deferrals for a specified period to help our clients navigate through the mandatory lockdown measures placed on their businesses. Additionally, FPEGF assisted clients by providing just over two million dollars in interest-free loans and non-repayable grants through the Indigenous Business Stabilization Program (IBSP).

This year was an unprecedented time in our history, and FPEGF is excited for the moment when COVID-19 comes to an end so that First Nation businesses will again have an opportunity to flourish. FPEGF will ensure that we continue to assist our First Nation clients in every way possible during this unfortunate time in our history.

From all of us here at First Peoples Economic Growth Fund, we wish everyone safety and prosperity in the coming years ahead.



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.



Support Programs



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.



FPEGF Approved Loans

Loans Approved for Period April 1, 2020 to March 31, 2021

#	Program	FPEGF Amount Approved** (A)	Dollars Leveraged		Impact on Manitoba Economy (A+B+C)	New Jobs Created
			BCF* Dollars Approved (B)	All Other Dollars (C)		
1	Community Economic Expansion only	250,000	0	252,500	502,500	0
12	Entrepreneur Loan only	609,453	432,645	297,638	1,339,736	12
0	Joint Venture only	0	0	0	0	0
1	Joint Venture combined with Community Economic Expansion•	976,148	0	3,983,613	4,959,761	6
2	Joint Venture combined with Entrepreneur Loan**	123,876	100,225	128,177	352,278	5
16	Loans Approved	1,959,477	532,870	4,661,928	7,154,275	23

• Joint Venture Loans: \$676,148; Community Economic Expansion Loans: \$300,000

** Joint Venture Loans: \$43,419; Entrepreneur Loans: \$80,457

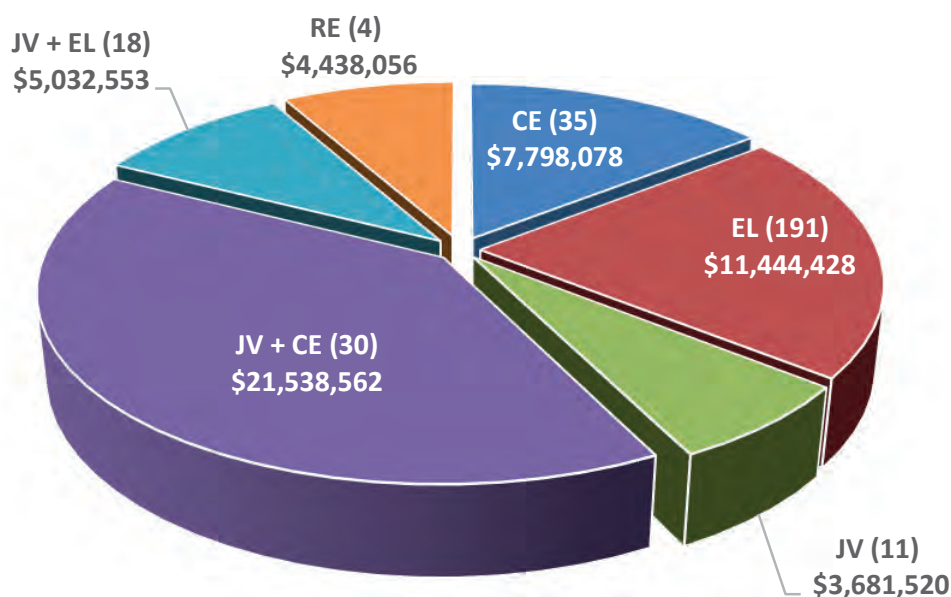
Grand Total of Loans Approved from September 23, 2008 to March 31, 2021

#	Program	FPEGF Amount Approved** (A)	Dollars Leveraged		Impact on Manitoba Economy (A+B+C)	New Jobs Created
			BCF* Dollars Approved (B)	All Other Dollars (C)		
35	Community Economic Expansion	7,798,078	1,726,798	28,729,953	38,254,829	305
191	Entrepreneur Loan	11,444,428	5,184,111	9,730,611	26,359,150	380
11	Joint Venture only	3,681,520	362,000	18,881,869	22,925,389	113
30	Joint Venture combined with Community Economic Expansion•	21,538,562	3,915,183	37,814,793	63,268,538	250
18	Joint Venture combined with Entrepreneur Loan**	5,032,553	1,296,670	5,284,492	11,613,715	94
4	Resource & Energy Investment	4,438,056	234,894	12,478,365	17,151,315	65
289	Loans/Equity Investments Approved	53,933,197	12,719,656	112,920,083	179,572,936	1,207

• Joint Venture Loans: \$13,057,424; Community Economic Expansion Loans: \$8,481,138

** Joint Venture Loans: \$2,785,459; Entrepreneur Loans: \$2,247,094

289 Loans Applications Approved = \$53,933,197



FPEGF Approved Support Applications



Support Applications Approved for Period April 1, 2020 to March 31, 2021

#	Program	FPEGF Amount Approved** (A)	Dollars Leveraged		Impact on Manitoba Economy (A+B+C)
			BCF* Dollars Approved (B)	All Other Dollars (C)	
1	Aftercare	15,000	0	6,050	21,050
18	Business Plan Assistance	8,292	128,053	48,116	184,461
1	Skills Development	6,679	0	2,226	8,905
20	Support Applications Approved	29,971	128,053	56,392	214,416

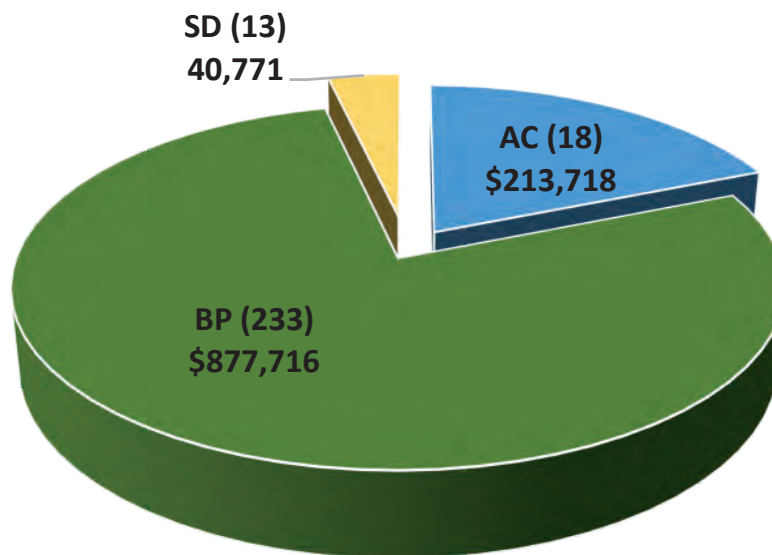
Grand Total of Support Applications Approved from September 23, 2008 to March 31, 2021

#	Program	FPEGF Amount Approved** (A)	Dollars Leveraged		Impact on Manitoba Economy (A+B+C)
			BCF* Dollars Approved (B)	All Other Dollars (C)	
18	Aftercare	213,718	0	90,938	304,656
233	Business Plan Assistance	877,716	813,653	665,615	2,356,984
13	Skills Development	40,771	0	13,597	54,368
264	Support Applications Approved	1,132,205	813,653	770,150	2,716,008

* * Some Support dollars have not been disbursed as at March 31, 2021. Commitments will be disbursed once all Terms and Conditions are met.

* BCF - Business Contribution Fund delivered by FPEGF.

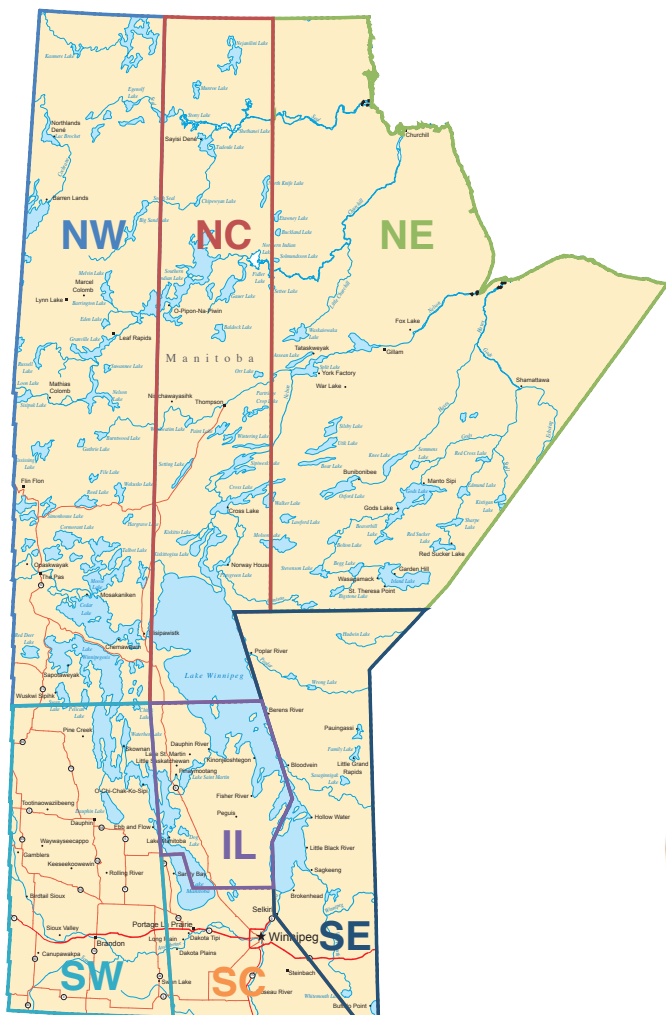
264 Support Applications Approved = \$1,132,205





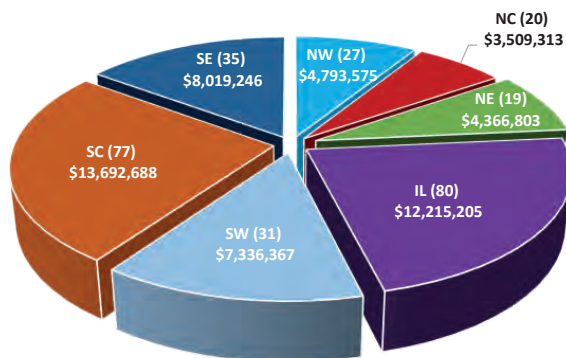
FPEGF Total Loan & Support, and BFC Approvals by Geographic Region

September 23, 2008 to March 31, 2021

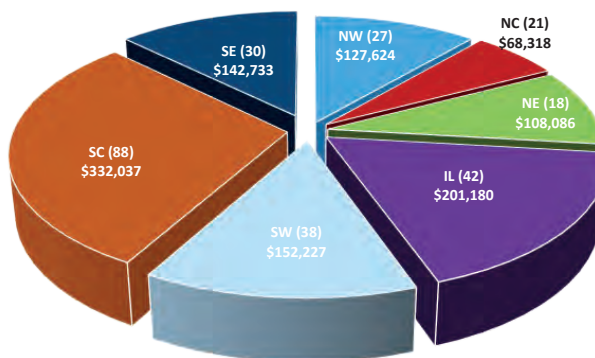


NW – Northwest
NC – North Central
NE – Northeast
IL – Interlake
SW – Southwest
SC – South Central
SE – Southeast

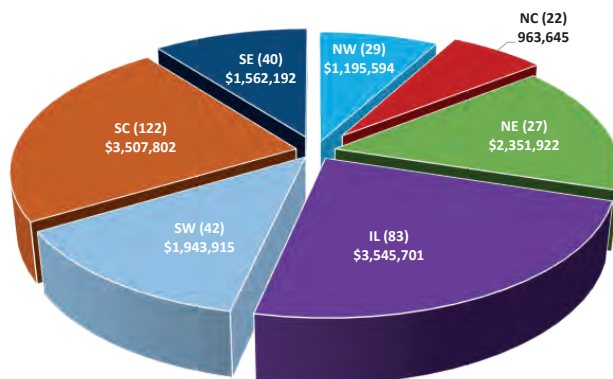
289 Loans Approved = \$53,933,197



264 Support Applications Approved = \$1,132,205



365 BCF Approvals by Geographic Region = \$15,070,771



FPEGF's Business Contribution Fund



BCF Applications Approved for Period April 1, 2020 to March 31, 2021

# Type	BCF Dollars Approved* (A)				Dollars Leveraged** (B)	Total (A+B)
	Business Planning	Capital & Operating	Marketing	Business Support		
18 Business Planning	128,053					128,053
16 Capital & Operating		512,244			10,788	523,032
Marketing and Business Support			41,226	4,500		45,726
34 BCF Support Applications Approved	128,053	512,244	41,226	4,500	10,788	696,811

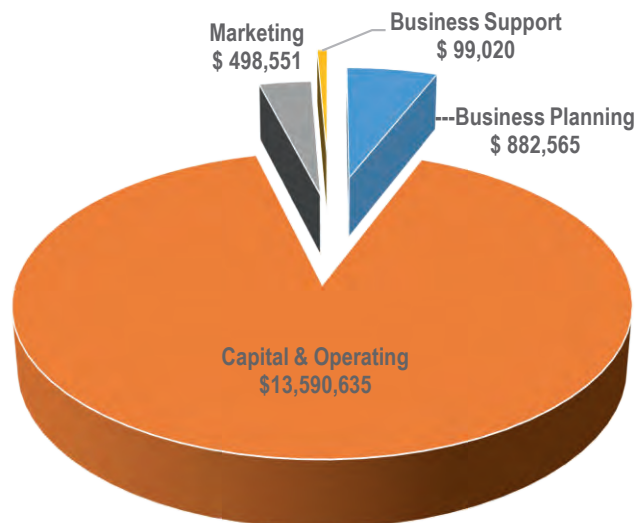
Grand Total of BCF Support Applications Approved from February 11, 2013 to March 31, 2021

# Type	BCF Dollars Approved* (A)				Dollars Leveraged** (B)	Total (A+B)
	Business Planning	Capital & Operating	Marketing	Business Support		
166 Business Planning	882,565				29,382	911,947
199 Capital & Operating		13,590,635			4,571,569	18,162,204
Marketing and Business Support			498,551	99,020		597,571
365 BCF Support Applications Approved	882,565	13,590,635	498,551	99,020	4,600,951	19,671,722

* Some BCF Support dollars have not been disbursed or were partially disbursed as at March 31, 2021. Commitments will be fully disbursed once all Terms and Conditions are met.

* * Some Dollars Leveraged amounts are already reported in Approved Loan and Support Applications statistics (see Pages 9 & 10.)

365 BCF Approvals by Type = \$15,070,771





Government of Canada Emergency Loan Program

Indigenous Business Stabilization Program - IBSP

In response to the COVID-19 crisis First Peoples Economic Growth Fund, through assistance provided by the Government of Canada, has been delivering the Indigenous Business Stabilization Program (IBSP). The IBSP is designed to provide emergency support funding to eligible businesses owned by Manitoba First Nations and First Nation entrepreneurs in Manitoba.

The IBSP can provide up to a maximum of \$60,000 comprised of up to 67% interest-free loan and up to 33% non-repayable contribution. The loan and grant contribution are issued together. The loan portion is to be repaid within 48-months from the time funding is received.

Through this program, First Peoples Economic Growth Fund was able to approve sixty-nine loan commitments to fifty companies for a total of \$2,088,000 with a focus of providing a solid debt ratification option to our clientele. This program is a flow through and has only been made available for use throughout the pandemic to sixty-nine business applications in Manitoba.

First Peoples Economic Growth Fund will continue to pursue any business program funding through the pandemic.

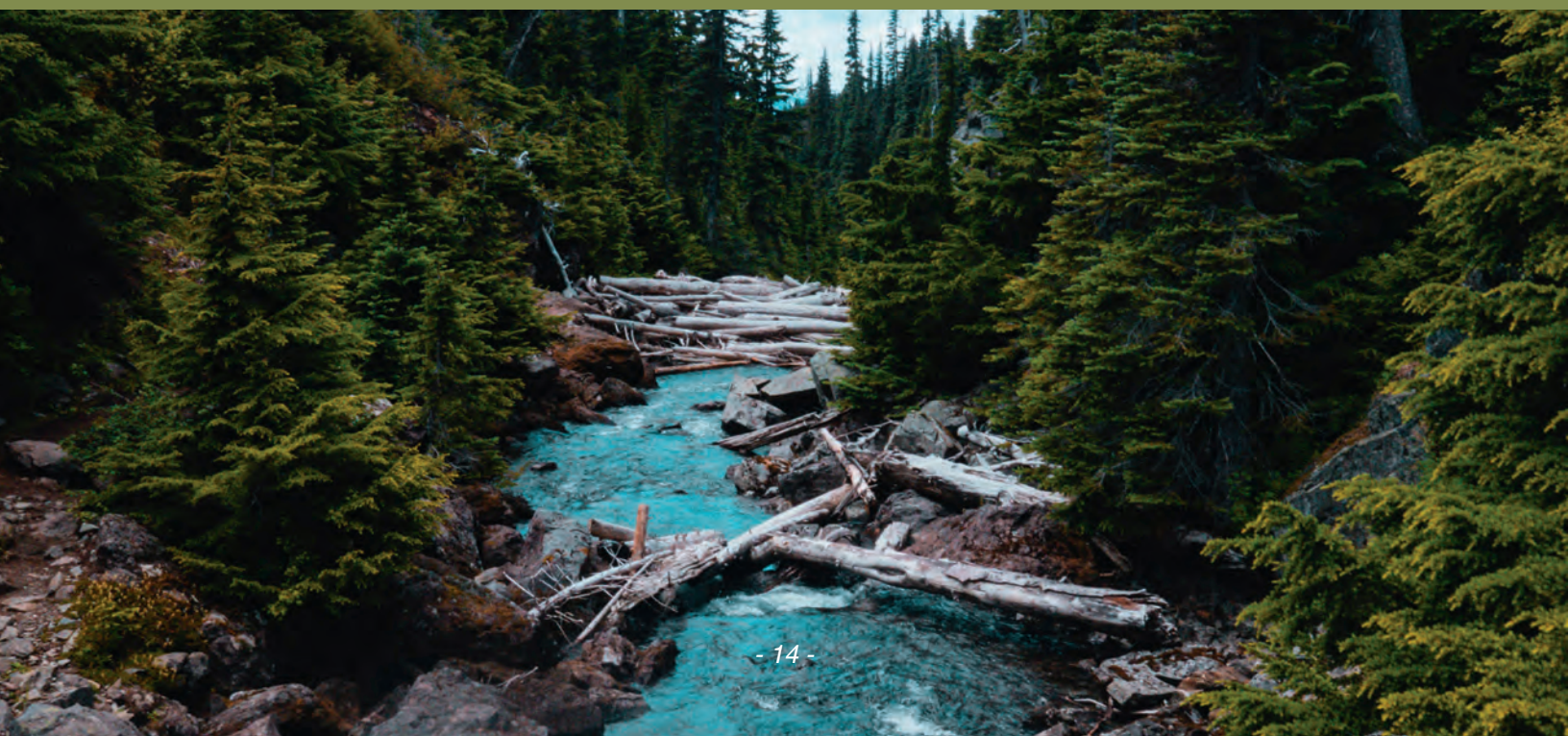
We wish everyone well and stay safe.

69 IBSP Applications Approved = \$2,088,000



Government
of Canada

Gouvernement
du Canada







Client Testimonials

Aboriginal Fusion Food Truck Tara Hall

I recently set out on my journey wanting to own my own food truck and I had an idea of what I wanted to do. At the time, I was a lunch Chef at Prairie 360, the revolving restaurant, but my pay was not close to what I needed to get by with my four girls. With that, I decided to go after my dream of being independent and running my own business.



I have my Red Seal, Food Handlers, 2 Year Diploma from Red River College and I am member of the Canadian Culinary Federation. That along with work experience on food trucks at the Red River Exhibition and working in a high-end fast paced restaurants like Joey Polo Park and Prairie 360 all under my belt, I went for it.

I had a rough business proposal, my own menu, and a list of new vs old food trucks. I wrote out several documents of costing, suppliers, food equipment, maintenance, and I made sure I had things I would need if asked. I started looking into getting grants and financing.

My first stop was First Peoples Economic Growth Fund, and it ended up being my only stop. They had a meeting with me the day I walked in, and asked me what I needed and what I had. I told them what I needed and wanted.

They guided me into finding a professional business consultant who helped me put together my business proposal so that it would meet their requirements. After that, they told me to start looking into other stuff like marketing, social media, getting out there making my name known, and finding a place to start my truck if I chose that way or which truck I would buy once everything went through.

The process took longer than I thought it would, but it happened. Things take time especially when done right. The entire process was remarkably interesting and filled with more knowledge of the know-how than I expected. I am glad that First Peoples filled my head with everything possible I would need or come across – what to expect and what to know when going into this journey.

First Peoples Economic Growth Fund made sure that I understood everything that was happening during the whole process. They kept me very informed with everything. They found all the help I would need with grants and the loan to help pay for my truck. It was a great learning experience altogether. Now I have my food truck, and even though I went way over my projected amount, it all came together with help from the Chief and Council, which I am incredibly grateful. Without the guidance from First Peoples I would probably still be in the first stages of this business. They guided me through it all start to finish, and now with the pandemic they guided me through getting help to launch late in the season with support funding. I am currently working with my truck 4 to 5 times a week, and I employ two others fulltime.

I am glad for taking this journey in my life and being able to have help right through. I made the right choice coming to First Peoples. I didn't have to go anywhere else, and that was easiest because I only had one office handling everything for me and keeping me up-to-date and informed.



Client Testimonials

K & B Supplies William Hengemuehl and Kimberly Walker



We have been in operation for over 20 years as a convenience store and supply company offering our community members a wide variety of services. In 2018, we eventually expanded, taking over our local grocery store.

We turned to First Peoples Economic Growth Fund to help with much needed upgrades to our operation. They were a pleasure to work with.

Thanks to FPEGF we will be able to upgrade our outdated gas tank, pumps, and offer diesel fuel. We will soon be able to expand our gas bar and serve more than one customer at a time.

We are also in the final stages of upgrading our outdated lighting system to LED lighting, which is all around better for our environment, cost effective and will offer a different feel to our customers' shopping experience. Most importantly, we now have larger produce and dairy sections, which will allow us to offer our community members a variety of healthier choices for years to come.

We could not have done this without the help of Daryl Bone, our Loans Account Manager. He was very informative, easy to talk to and made himself available if we had any questions or concerns that came up.

This loan and grant will not only help our company, it will help our whole community and we thank you.



FIRST PEOPLES
economic growth fund

Financial Statements

Year Ended March 31, 2021



Independent Auditor's Report



To the Members of First Peoples Economic Growth Fund Inc.

Opinion

We have audited the financial statements of First Peoples Economic Growth Fund Inc. (the Corporation), which comprise the statement of financial position as at March 31, 2021, and the statements of operations 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 Corporation as at March 31, 2021, 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 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

The other information comprises the financial information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of

(continues)

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Independent Auditor's Report

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

accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 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 auditors' 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
October 14, 2021

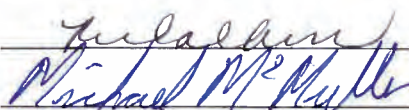

Statement of Financial Position

March 31, 2021



	2021	2020
ASSETS		
CURRENT		
Cash	\$ 13,355,173	\$ 13,300,441
Short-term investments (Note 3)	4,737,886	4,619,760
Accrued interest and other receivables (Note 5)	3,353,438	516,229
Prepaid expenses	6,303	7,212
	<u>21,452,800</u>	<u>18,443,642</u>
PROPERTY AND EQUIPMENT (Notes 3, 6)	4,994	13,646
LOANS RECEIVABLE (Notes 3, 7, 8)	17,541,846	17,657,630
INVESTMENT IN 6606254 MANITOBA LTD. (Note 3)	100	100
	<u>\$ 38,999,740</u>	<u>\$ 36,115,018</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 201,065	\$ 45,291
Due to NACCA (Note 10)	412,000	
Deferred revenue (Note 11)	152,562	
	<u>765,627</u>	<u>45,291</u>
LOAN SECURITY	-	24,065
	<u>765,627</u>	<u>69,356</u>
NET ASSETS		
Contributed surplus (Note 2)	3,750,000	3,750,000
Net assets	34,484,113	32,295,662
	<u>38,234,113</u>	<u>36,045,662</u>
	<u>\$ 38,999,740</u>	<u>\$ 36,115,018</u>
RESTRICTIONS AND COMMITMENTS (Note 13)		

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements



Statement of Operations

Year Ended March 31, 2021

	2021	2020
REVENUE		
Province of Manitoba	\$ 2,700,000	\$ 2,700,000
Business Contribution Fund - Equity Fund	1,221,871	1,729,716
Interest accretion	668,381	680,132
NACCA - Contingency Fund	500,564	-
Aboriginal Developmental Lending Assistance (Note 15)	295,348	-
NACCA - Interest Relief	348,236	-
Indigenous Business Stabilization Program (Note 15)	331,240	-
Business Contribution Fund - Operating	305,042	305,042
Interest on loans receivable	236,279	562,524
Interest on short-term investments	219,801	401,760
Investment Readiness Program (Note 15)	36,147	-
Loan fees	37,566	52,989
Miscellaneous	3,356	3,843
	6,903,831	6,436,006
ASSISTANCE COSTS	2,327,671	2,559,942
EXCESS OF REVENUE OVER ASSISTANCE COSTS	4,576,160	3,876,064
ADMINISTRATIVE COSTS		
Advertising and promotion	6,475	16,486
Amortization of property and equipment	8,653	10,565
Bad debts general fund	1,251,021	192,335
Bank charges	568	1,094
Consulting fees	55,529	64,802
Equipment	3,455	5,165
Insurance	9,448	7,624
Office expense	53,016	58,426
Professional development and training	-	595
Professional fees	46,160	43,759
Recruiting	179	702
Rent	88,236	79,134
Salaries and benefits	866,030	617,210
Travel and conferences	(1,061)	15,855
	2,387,709	1,113,752
OPERATING SURPLUS	2,188,451	2,762,312
NET ASSETS - BEGINNING OF YEAR	32,295,662	29,533,350
NET ASSETS - END OF YEAR	\$ 34,484,113	\$ 32,295,662

See notes to financial statements

Statement of Cash Flows

Year Ended March 31, 2021



	2021	2020
OPERATING ACTIVITIES		
Operating surplus	\$ 2,188,451	\$ 2,762,312
Items not affecting cash:		
Amortization of property and equipment	8,653	10,565
Bad debts general fund	1,251,021	192,335
Interest accretion	(668,381)	(680,132)
Interest on loans receivable	(236,279)	(562,524)
Loan discount expenses	705,904	798,386
	<u>3,249,369</u>	<u>2,520,942</u>
Changes in non-cash working capital:		
Accrued interest and other receivables	(2,837,209)	(397,050)
Accounts payable and accrued liabilities	155,773	15,073
Prepaid expenses	909	3,115
Due to NACCA	412,000	-
Deferred revenue	152,562	-
	<u>(2,115,965)</u>	<u>(378,862)</u>
Cash flow from operating activities	<u>1,133,404</u>	<u>2,142,080</u>
INVESTING ACTIVITIES		
Loans granted	(2,937,285)	(5,666,210)
Loan repayments	2,000,803	4,216,287
Net change of short-term investments	(118,126)	2,975,568
Net change in loan security investment	(24,065)	(75)
Cash flow from (used by) investing activities	<u>(1,078,673)</u>	<u>1,525,570</u>
INCREASE IN CASH	54,731	3,667,650
CASH - BEGINNING OF YEAR	<u>13,300,441</u>	<u>9,632,790</u>
CASH - END OF YEAR	<u>\$ 13,355,173</u>	<u>\$ 13,300,441</u>

See notes to financial statements



Notes to Financial Statements

Year Ended March 31, 2021

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 Economic Development and Jobs ("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, 2021



2. DESCRIPTION OF BUSINESS (continued)

Resource and Energy Investment Program

On March 25, 2009, the Corporation and Indigenous Services Canada ("ISC") entered into an agreement to create the Resource and Energy Investment Program ("REIP"). The REIP is funded as follows: ISC \$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, 2021, the Corporation and the National Aboriginal Capital Corporations Association ("NACCA") entered into an agreement to continue the Business Contribution Fund ("BCF"). NACCA provided \$305,042 in operational funding and \$1,221,871 in equity funding for the year ended March 31, 2021. Funding for future agreements 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, 2021

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, 2021



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, 2021.

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, 2021

5. ACCRUED INTEREST AND OTHER RECEIVABLES

	2021	2020
Staff members	\$ -	\$ 15
Goods and services tax	5,704	5,755
Loan fees	5,516	6,348
Accrued interest on short-term investments	45,384	71,682
NACCA Business Contribution Fund holdback	596,834	432,429
Province of Manitoba	2,700,000	-
	<u>\$ 3,353,438</u>	<u>\$ 516,229</u>

6. PROPERTY AND EQUIPMENT

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 69,489	\$ 69,489	\$ 66,528	\$ 62,482
Website development	12,853	12,853	12,853	12,853
Office furniture	117,752	117,752	114,979	113,898
Leasehold improvements	24,675	19,681	24,675	16,156
	<u>\$ 224,769</u>	<u>\$ 219,775</u>	<u>\$ 219,035</u>	<u>\$ 205,389</u>
Net book value	<u>\$ 4,994</u>		<u>\$ 13,646</u>	

7. LOANS RECEIVABLE

Loans are classified as follows:

	2021	2020
Resource and Energy Investment Program Loans	\$ 161,333	\$ 191,089
Entrepreneur Loans	4,339,989	4,344,331
Joint Venture Loans	9,980,940	9,178,880
Community Economic Expansion Loans	5,216,442	4,883,988
Accrued interest on loans	95,401	144,039
Allowance for doubtful accounts	(2,252,260)	(1,084,698)
	<u>\$ 17,541,846</u>	<u>\$ 17,657,630</u>

Notes to Financial Statements

Year Ended March 31, 2021



8. RECONCILIATION OF LOANS RECEIVABLE

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

	2021		2020	
Loans receivable - beginning of year		\$ 17,657,630		\$ 15,955,772
Gross loans granted	\$ 2,937,285		\$ 5,666,210	
Bad debts and loan renegotiation expense ⁽²⁾	(1,251,021)		(192,335)	
Interest rate discount to fair value ⁽³⁾	(705,904)	980,360	(798,386)	4,675,489
Interest accretion and interest on loans receivable ⁽⁴⁾		904,659		1,242,656
Less: Loan repayments received		(2,000,803)		(4,216,287)
		\$ 17,541,846		\$ 17,657,630

⁽²⁾ The Corporation has determined that bad debts and loan renegotiation expenses in the amount of \$1,251,021 (2020 - \$192,335) was required, related to loans outstanding at March 31, 2021. 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, 2021, \$270 was recorded as a bad debt recovery in respect to Entrepreneur Loans.
- The remaining \$1,251,291 in bad debts relates to current year impairments of loan balances.

⁽³⁾ 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 \$1,734,207 (2020 - \$2,754,580) were discounted by \$705,904 (2020 - \$798,386).

⁽⁴⁾ Interest income accretes on the loans receivable at a rate equal to the discount rate used at inception. Interest in the amount of \$668,381 (2020 - \$680,132) was recorded as interest accretion and \$236,279 (2020 - \$562,524) was recorded as interest on loans receivable.

9. REIP INVESTMENT

First Peoples Economic Growth Fund has entered into a limited partnership with another First Nation organization called CFOM1 Limited Partnership. CFOM1 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 the oil industry, the value of CFOM1 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. 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.



Notes to Financial Statements

Year Ended March 31, 2021

10. DUE TO NACCA

During the year, the Corporation entered into an agreement with the National Aboriginal Capital Corporations Association to administer Indigenous Business Stabilization Program Emergency Loans. The amount due to the National Aboriginal Capital Corporations Association represents funds advanced to the Corporation that have not been disbursed as Emergency Loans, and any funds not disbursed by June 30, 2021 are due back to the National Aboriginal Capital Corporations Association.

11. DEFERRED REVENUE

	2021	2020
Aboriginal Developmental Leading Assistance Program	\$ 86,499	\$ -
Investment Readiness Program	66,063	-
	<u>\$ 152,562</u>	<u>\$ -</u>

12. 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 \$30,316 (2020 - \$24,574).

13. RESTRICTIONS AND COMMITMENTS

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

Loans receivable	\$ 1,370,241
Business plan assistance	57,693
Business contribution fund	800,232
Skills development	6,679
Aftercare	53,485
	<u>\$ 2,288,330</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, 2022	\$ 57,152
2023	57,152
2024	57,152
2025	11,860

(continues)

Notes to Financial Statements

Year Ended March 31, 2021



Year Ended March 31, 2021

13. RESTRICTIONS AND COMMITMENTS *(continued)*

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.

(continues)



Notes to Financial Statements

Year Ended March 31, 2021

Year Ended March 31, 2021

13. 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.

14. ALLOCATED EXPENSES

During the year, certain expenses are being allocated amongst the 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.

15. COVID-19 PROGRAMS

During the year ended March 31, 2021 the Corporation received funding for three new programs. This funding is related to the COVID-19 pandemic and management does not expect these programs to continue in the future. These programs are:

- Indigenous Business Stabilization Program
 - Aboriginal Development Lending Assistance
 - Investment Readiness Program
-

16. SUBSEQUENT EVENTS

Reactions and restrictions to Coronavirus (COVID-19) continue to evolve and change regularly. Management of the corporation continues to maintain operations where possible, while looking out for the needs and safety of their clients and employees.

Operations in the historical financial statements, as presented, do not give rise to potential going-concern issues. However, given the uncertainties on the economy, management cannot predict the effect that this will have on their future operations or cash flows.

In response to the COVID-19 crisis First Peoples Economic Growth Fund (FPEGF), through assistance provided by the Government of Canada, has been delivering the Indigenous Business Stabilization Program (IBSP). The IBSP is designed to provide emergency support funding to eligible businesses owned by Manitoba First Nations and First Nations entrepreneurs in Manitoba.

The IBSP can provide up to a maximum of \$60,000 comprised of up to 67% interest-free loan and up to 33% non-repayable contribution. The loan and contribution are issued together. The loan portion is to be repaid within 48 months from the time funding is received.

General Business Assistance Program

(Schedule 1)

Year Ended March 31, 2021



	2021	2020
REVENUE		
Province of Manitoba	\$ 2,700,000	\$ 2,700,000
Interest accretion	663,122	673,025
NACCA Contingency Fund	500,564	-
NACCA Interest Relief	348,236	-
Interest on loans receivable	233,036	550,762
Interest on short-term investments	219,801	401,760
Loan fees	37,566	52,989
Miscellaneous	3,356	3,843
	4,705,681	4,382,379
ASSISTANCE COSTS	668,280	826,739
EXCESS OF REVENUE OVER ASSISTANCE COSTS	4,037,401	3,555,640
ADMINISTRATIVE COSTS		
Advertising and promotion	5	9,922
Amortization of property and equipment	-	6,261
Bad debts	1,251,021	192,335
Bank charges	-	1,094
Consulting fees	-	23,589
Equipment	39	3,099
Insurance	-	4,574
Office	-	34,764
Professional development and training	-	446
Professional fees	-	29,768
Recruiting	51	407
Rent	-	47,480
Salaries and benefits	144,842	378,641
Travel and conferences	(1,379)	9,677
	1,394,579	742,057
OPERATING SURPLUS	\$ 2,642,822	\$ 2,813,583



Resource and Energy Investment Program

(Schedule 2)

Year Ended March 31, 2021

	2021	2020
REVENUE		
Interest on loans receivable	\$ 3,243	\$ 11,762
Interest accretion	<u>5,259</u>	<u>7,107</u>
	8,502	18,869
ADMINISTRATIVE COSTS		
Professional fees	<u>1,195</u>	<u>3,370</u>
OPERATING SURPLUS	<u>\$ 7,307</u>	<u>\$ 15,499</u>

Business Contribution Fund

(Schedule 3)

Year Ended March 31, 2021



	2021	2020
REVENUE		
Business Contribution Fund - Equity Fund	\$ 1,221,871	\$ 1,729,716
Business Contribution Fund - Operating	305,042	305,042
	<u>1,526,913</u>	<u>2,034,758</u>
ASSISTANCE COSTS	<u>1,659,391</u>	<u>1,733,203</u>
EXCESS OF REVENUE OVER ASSISTANCE COSTS	<u>(132,478)</u>	<u>301,555</u>
ADMINISTRATIVE COSTS		
Advertising and promotion	2,126	6,564
Amortization	-	4,304
Consulting fees	4,604	41,213
Equipment	233	2,066
Insurance	3,779	3,050
Office	14,717	23,662
Professional development and training	-	149
Professional fees	12,545	10,621
Recruiting	51	295
Rent	22,059	31,654
Salaries and benefits	263,593	238,569
Travel and conferences	14	6,178
	<u>323,721</u>	<u>368,325</u>
OPERATING DEFICIT	<u>\$ (456,199)</u>	<u>\$ (66,770)</u>



Indigenous Business Stabilization Program

(Schedule 4)

Year Ended March 31, 2021

	2021	2020
REVENUE <i>(Note 15)</i>	\$ 331,240	\$ -
EXPENSES		
Advertising and promotion	654	-
Equipment	1,315	-
Insurance	945	-
Office expense	3,432	-
Professional fees	2,552	-
Rent	17,647	-
Salaries and benefits	309,978	-
Travel and conferences	196	-
	336,719	-
OPERATING DEFICIT	\$ (5,479)	\$ -

Aboriginal Developmental Lending Assistance

(Schedule 5)

Year Ended March 31, 2021



	2021	2020
REVENUE (Note 15)	\$ 295,348	\$ -
EXPENSES		
Advertising and promotion	3,373	-
Amortization of capital assets	8,653	-
Bank charges	568	-
Consulting fees	18,416	-
Equipment	455	-
Insurance	4,724	-
Office expense	32,959	-
Professional fees	29,868	-
Recruiting	77	-
Rent	48,530	-
Salaries and benefits	147,617	-
Travel and conferences	108	-
	295,348	-
OPERATING SURPLUS	\$ -	\$ -



Investment Readiness Program

(Schedule 6)

Year Ended March 31, 2021

	2021	2020
REVENUE <i>(Note 15)</i>	\$ 36,147	\$ -
EXPENSES		
Advertising and promotion	317	-
Consulting fees	32,509	-
Equipment	1,413	-
Office expense	1,908	-
	36,147	-
OPERATING SURPLUS	\$ -	\$ -



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