



Higher and Stronger

NACCA Annual Report 2021-22

National Aboriginal Capital Corporations Association

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Jean Vincent, NACCA Board Chair

Message from the Chair

We are pleased to present the annual report for the National Aboriginal Capital Corporations Association (NACCA) for 2021/22. And what a year it was! Twenty-five years since NACCA was founded at a 1997 meeting of Aboriginal Capital Corporations, our network has reaped many rewards of our hard work.

It was a year of harvest, beginning with our proudest achievement: the Indigenous Growth Fund (IGF). The IGF officially launched in April 2021, with the help of our partners and first investors with the federal government. We established an Investment Committee with three recognized Indigenous business leaders as independent members. In January 2022, the IGF disbursed its first capital to a member Indigenous Financial Institution, which passed on this investment as loans to Indigenous businesses in its region.

The past year's second big story was an unprecedented federal investment in Indigenous economic development, the fruit of our many years of advocacy. Budget 2021 included a \$66 million commitment to our network's programs, for example: \$22 million over three years for our Indigenous Women's Entrepreneurship Program and a \$44 million "down payment" to our Aboriginal Entrepreneurship Program, which is up for renewal in the 2022/23 fiscal year. Also in 2021, we wrapped up delivery of the Indigenous Business Stabilization Program – a package that our network had pressed hard for in March 2020 to help Indigenous businesses overcome the economic impact of the COVID-19 measures.

As a network, we realized all major commitments in our 2017–22 Strategic Plan – and then some. Beyond the harvest, it was also a year of planting for NACCA. Whether procurement, youth entrepreneurship, or joint work with other members of a national Indigenous Business Circle, the new initiatives that NACCA undertook will prove crucial to the economic and social wellbeing of our peoples. And in the spring of 2022, we formalized our priorities into a new strategic plan to guide us from 2023 to 2028.

Where does our drive come from? It has stayed the same since the 1980s, when the first IFIs were created by visionary Indigenous leaders: to spur business development through lending institutions that understand the unique markets of our peoples and communities. NACCA will continue to focus mainly on business lending next year. At the same time, we will investigate ways that our strong IFI network could achieve for Indigenous housing what it has done for business development. And we will continue to strengthen NACCA in coming years. Our national Indigenous institution is essential to the economic development of our peoples.

Jean Vincent,
NACCA Board Chair



Shannin Metatawabin, Chief Executive Officer

Message from the CEO

Quatchee. This Cree teaching means roughly, “the health of your neighbour determines the success of your future.” Indigenous cultures throughout the world share similar teachings. In crucial ways, our peoples are the original social impact investors. Our traditions of sharing and mutual care call on us to promote the well-being of our neighbours as we gain returns for ourselves and our families.

In 2021/22, NACCA completed a research project with the Conference Board of Canada establishing the impacts of the IFI network’s lending on the well-being of individuals and communities. There can be little wonder about the reason: business development promotes self-reliance, economic self-determination. Through their own business successes, Indigenous individuals, communities, and nations set their own paths to the future – lifting each other up in the process.

This past year, we provided ways for non-Indigenous actors to help. Launched in 2021, the Indigenous Growth Fund offers a vehicle for government and private investors to invest in loan portfolios of participating IFIs. Another new initiative is the Indigenous Prosperity Foundation. This registered charity allows the philanthropic sector to support business ideas of prospective Indigenous entrepreneurs at the earliest stages of their journeys. Investing in the IGF and IPF are two ways private and philanthropic sectors can help support reconciliation.

There are more ways, which we developed with other national Indigenous organizations. In 2021/22, we drafted a National Indigenous Economic Strategy for Canada together with 22 other Indigenous organizations. The strategy includes over 100 Calls to Economic Prosperity that will help our peoples finally realize socio-economic parity in Canada. As part of a national Indigenous Procurement Working Group, NACCA advocated for a national Indigenous oversight body ensuring that the federal government will meet its Indigenous procurement commitments of 5 percent. Before the September 2021 election, we presented a united front with members of a national Indigenous Business Circle in speaking with ministers, opposition leaders, and other parliamentarians.

Well-being, self-reliance, reconciliation. Our network makes an impact on all three fronts. Funding of our core operations should reflect this. NACCA is lobbying for sufficient, flexible support to IFI infrastructure as we seek renewal of our program in the 2022/23 budget cycle. We will make every effort to ensure that our members regain the levels of support they need; for it is IFIs that help Indigenous entrepreneurs in their regions realize their business dreams.

Shannin Metatawabin,
Chief Executive Officer

2021-22 at a Glance

NACCA's Strategic Objectives and Key Activities

Strategic Objectives	Key Activities
<p>Serving NACCA Members</p> <p>NACCA will prioritize member satisfaction, seeking to engage via conferences, webinars, and social media; provide IFIs with tools; focus on youth and women; and help members build capacity.</p>	<ul style="list-style-type: none">▪ Reached out to IFIs through newsletters, Q and As, webinars and virtual meetings, providing updates, gaining feedback, and introducing new initiatives.▪ Obtained \$22M over 3 years for the Indigenous Women's Entrepreneurship Program, allowing participating IFIs to provide dedicated business service officers, microloans, and workshops.▪ Engaged an Indigenous Youth Business Advisory Council to oversee research informing tools to support youth interested in entrepreneurship.▪ With Chartered Professional Accountants Canada, designed and piloted financial literacy workshops with interested IFIs.▪ Offered gender-bias training to interested IFI boards and staff.▪ Developed an intensive training program for IFI business development officers, delivered at the May 2022 Indigenous Prosperity Forum.▪ Developed an Indigenous Business Hub, a space for IFIs to gather, hold meetings, and engage in peer-to-peer exchange across the network.▪ Populated an Indigenous Business Directory using the FaasBank loan management system.▪ Provided interested IFIs a subscription to Equifax Canada, offering enhanced credit rating services.▪ Offered members IBIS World Canada Business Reports, providing comprehensive business intelligence services.

Strategic Objectives	Key Activities
<p>Inspiring Confidence in the Network</p> <p>NACCA will tell the network's story to decision-makers and potential partners, its own members, potential clients, and the public. It will also build relationships needed to amplify the network's influence.</p> <p>NACCA will enhance its reputation by obtaining certification of its own internal processes.</p>	<ul style="list-style-type: none">▪ Took part in the COVID-19 Indigenous Business Taskforce initiated by the federal government.▪ With the Canadian Council for Aboriginal Business and National Indigenous Economic Development Board, conducted two surveys of Indigenous business-owners to inform COVID-19 relief and recovery efforts.▪ With other national Indigenous organizations, successfully pressed for a mandated federal Indigenous procurement target of 5%.▪ With other members of the Indigenous Business Circle, developed a united strategy to advance economic development goals.▪ Met with a growing range of political and business leaders, parliamentary committees, and federal departments and agencies.▪ Participated in discussions of the Organisation for Economic Co-operation and Development to follow up on its recommendations for connecting Indigenous peoples to regional economies.▪ Underwent final external audit to obtain ISO 9001 certification of our internal policies and processes.

2021-22 at a Glance

NACCA's Strategic Objectives and Key Activities

Strategic Objectives	Key Activities
<p>Expanding IFI Financing</p> <p>NACCA will work to secure new capital – both loan and equity capital – to allow the network's financing activity to grow.</p>	<ul style="list-style-type: none">▪ Worked with IFIs to obtain and implement the \$307 million Indigenous Business Stabilization Program (IBSP), responding to COVID-19 impacts.▪ Contracted with 37 IFIs to roll out an Emergency Loan Program under the IBSP, providing \$140 million in COVID-19 relief funding to businesses.▪ Established a legal and governance structure for NACCA's Indigenous Growth Fund and completed its first close of \$150 million in March 2021.▪ Gained further federal funding of \$42 million over three years for the Aboriginal Entrepreneurship Program, announced in Budget 2021.▪ Obtained \$22 million over three years for the Indigenous Women's Entrepreneurship Program, announced in Budget 2021.▪ Under NACCA's Investment Readiness Initiative funded by ESDC, awarded 18 IFIs grants totalling over \$2M.▪ Explored participation of the IFI network in an Indigenous market housing finance project, spearheaded by the Aboriginal Savings Corporation of Canada in Quebec.▪ Extended the Aboriginal Business Financing Program and Aboriginal Developmental Lending Allocation Program to further network members.
<p>Assessing and Building on the Network's Success</p> <p>The network as a whole is successful, and has had a significant impact on Indigenous business development in Canada. NACCA will examine the network's successes and work to cultivate IFIs' leading practices as norms.</p>	<ul style="list-style-type: none">▪ Developed five IFI success stories in promoting Indigenous women entrepreneurs.▪ Took part in ESDC's two-year Investment Readiness Program, increasing the readiness of NACCA and 18 IFIs to participate in the social finance market.▪ With the TAG working group, finalized a new logic model for the Aboriginal Entrepreneurship Program.▪ Further developed a study of the socio-economic impact of IFIs with the Conference Board of Canada.▪ With the Harvard Business School Executive Education Program, finalized details of delivering a customized training program to IFIs, set to be delivered when COVID-19 travel restrictions allow.

Network by the Numbers

\$292M

loan portfolio

\$113M

in new loans

928

businesses clients

3,600

jobs created or
maintained

58

IFIs serving Indigenous
businesses across
the country

\$21.6M

in program funding
for Indigenous
businesses

34%

of businesses funded
owned or co-owned
by women

21.5%

of entrepreneurs
supported aged 35
years or younger

95%

of those loans repaid

51,000

loans worth \$3.1B
over the past
three decades

NOTE: Métis Capital Corporations are no longer included in the numbers

The IFI Network and NACCA

What We Are, What We Do



2022 Indigenous Prosperity Forum. Photo: Fred Cattroll

What is an Indigenous Financial Institution?

Indigenous Financial Institutions (IFIs) are autonomous, Indigenous-controlled, community-based financial organizations that provide developmental loans and business financing to First Nations, Metis, and Inuit entrepreneurs. Located in all provinces and territories across Canada, IFIs are unique for their grassroots connections to the communities they serve.

Many Indigenous entrepreneurs are still perceived as high-risk borrowers. Due to legal and market-based barriers, they face difficulty accessing loan capital from conventional lenders. In the mid-1980s and early 1990s, Indigenous leaders and the Government of Canada created IFIs to finance Indigenous small-business development.

Over the past three decades, the IFI network has issued over 50,000 loans totaling \$3 billion. Today, it remains crucial to addressing the unmet capital needs of First Nations, Metis, and Inuit business owners. Beyond loans, IFIs provide clients access to additional supports – including non-repayable contributions, financial and management consulting, and business start-up/aftercare services.

Throughout this report, you will note use of the term “IFI” in place of the historical “AFI.”

To work with our government partners and the rest of Canada in their reconciliation efforts and to reflect our network’s connection to the United Nations Declaration on the Rights of Indigenous Peoples, NACCA is supporting the term “Indigenous” to describe our members and organizations.

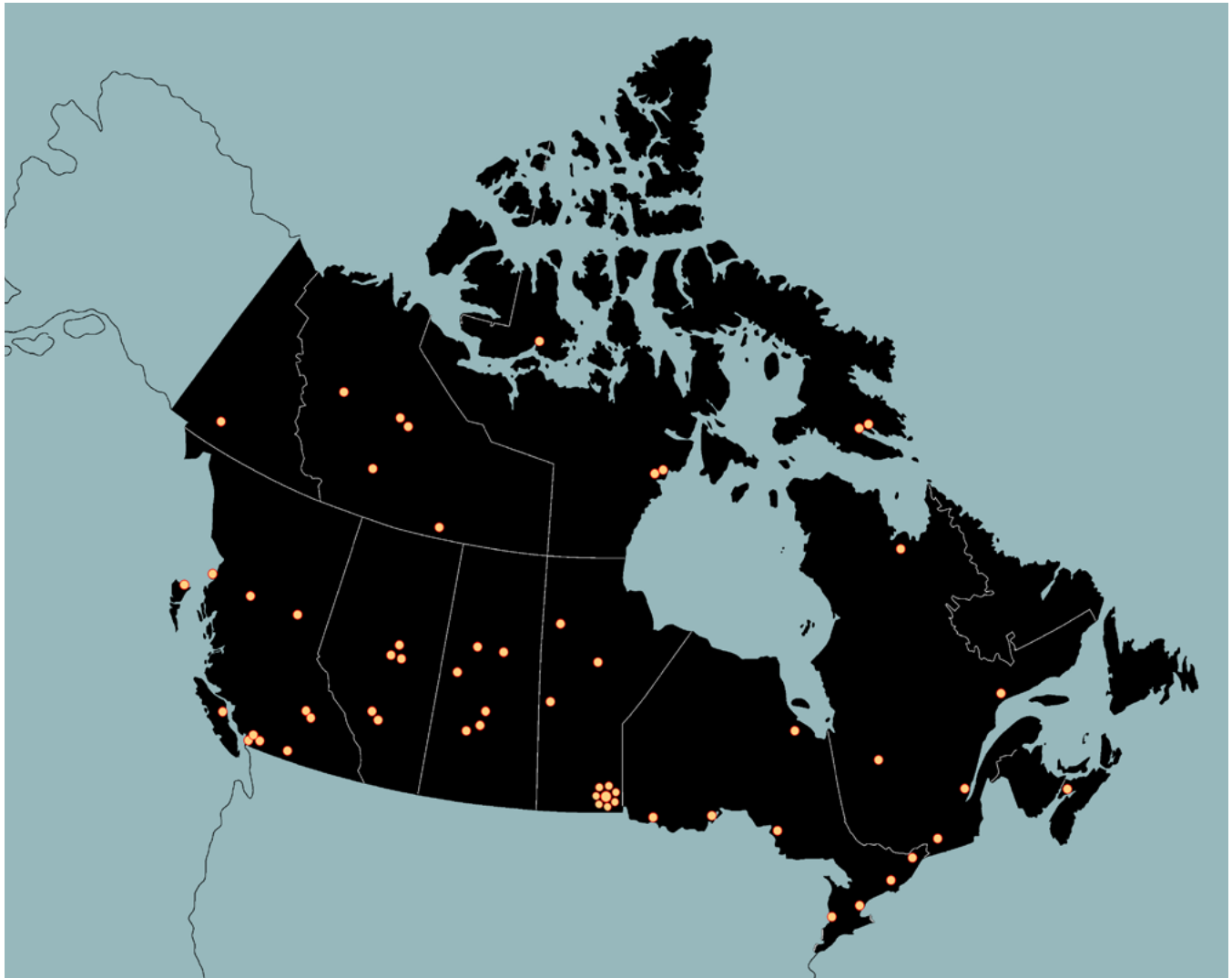
We are aware of potential implications to the Association’s name and brand – and of updates required to our bylaws – as use of the term “Aboriginal” sunsets. We will engage our members for input and feedback as the issue evolves.

How does NACCA Support the Network?

NACCA is the national association working with the 58 member IFIs across Canada. Founded in 1997, NACCA advocates on behalf of its members under guidance of its Indigenous board and senior staff.

Over time, NACCA’s role has expanded beyond advocacy to provide IFIs with capacity development, lending capital, and program funding. The vast, diverse network that NACCA represents believes that IFIs are stronger when they speak together with a proud voice.

Where We Are



YUKON	1
NORTHWEST TERRITORIES	5
NUNAVUT	5
BRITISH COLUMBIA	11
ALBERTA	5
SASKATCHEWAN	6
MANITOBA	11
ONTARIO	8
QUEBEC	5
NOVA SCOTIA, NEW BRUNSWICK, PEI, NEWFOUNDLAND/LABRADOR	1

Who We Are

YUKON (1)

däna Näye Ventures – Whitehorse

NORTHWEST TERRITORIES (5)

Akaitcho Business Development Corporation – Yellowknife

Deh Cho Business Development Centre – Fort Simpson

Dogrib Area Community Futures – Wha Ti

NWT Métis-Dene Development Fund – Yellowknife

Thebacha Business Development Services – Fort Smith

NUNAVUT (5)

Atuqtuarvik Corporation – Rankin Inlet

Baffin Business Development Corporation – Iqaluit

Kakivak Association – Iqaluit

Kitikmeot Community Futures Inc – Cambridge Bay

Kivalliq Business Development Centre – Rankin Inlet

BRITISH COLUMBIA (11)

Aboriginal Business and Community Development Centre – Prince George

All Nations Trust Company – Kamloops

Burns Lake Native Development Corporation – Burns Lake

CFDC of Central Interior First Nations – Kamloops

Haida Gwaii Community Futures – Massett

Métis Financial Corporation of BC – West Vancouver

Native Fishing Association – West Vancouver

Nuu-chah-nulth Economic Development Corporation – Port Alberni

Stó:lō Community Futures Corporation – Chilliwack

Tale'Awtxw Aboriginal Capital Corporation – West Vancouver

Tribal Resources Investment Corporation – Prince Rupert

ALBERTA (5)

Alberta Indian Investment Corporation – Enoch

Apeetogosan (Métis) Development Inc. – Edmonton

Community Futures Treaty Seven – Calgary

Indian Business Corporation – Calgary

Settlement Investment Corporation – Edmonton

SASKATCHEWAN (6)

Beaver River Community Futures Development Corporation – Meadow Lake

Clarence Campeau Development Fund – Saskatoon

Northern Enterprise Fund Inc. – Saskatchewan

Saskatchewan Indian Equity Foundation Inc. – Asimakaniseekan Askiy Reserve

SaskMétis Economic Development Corporation – Saskatoon

Visions North CFDC – LaRonge

MANITOBA (11)

Arctic Co-operative Development Fund – Winnipeg

Cedar Lake Community Futures Development Corporation – The Pas

Community Futures North Central Development – Thompson

Dakota Ojibway Community Futures Development Corporation – Headingly

First Peoples Economic Growth Fund Inc. – Winnipeg

Kitayan Community Futures Development Corporation – Winnipeg

Metis Economic Development Fund – Winnipeg

Louis Riel Capital Corporation – Winnipeg

Northwest Community Futures Development Corporation – Lynn Lake

Southeast Community Futures Development Corporation – Winnipeg

Tribal Wi-Chi-Way-Win Capital Corporation – Winnipeg

ONTARIO (8)

Indian Agricultural Program of Ontario – Stirling

Métis Voyageur Development Fund Inc. – Ottawa

Nishnawbe Aski Development Fund – Fort William First Nation

Rainy Lake Tribal Area Business & Financial Services Corporation – Fort Frances

Tecumseh Community Development Corporation – Sarnia

Two Rivers Community Development Centre – Ohsweken

Wakenagun Community Futures Development Corporation – Moose Factory

Waubetek Business Development Corporation – Birch Island

QUEBEC (5)

Corporation de développement économique montagnaise – Sept-Îles

Eeyou Economic Group / CFDC Inc. – Waswanipi

Nunavik Investment Corporation – Kuujuaq

Société de crédit commercial autochtone – Wendake

Tewatohnni'saktha Business Loan Fund – Kahnawake

NOVA SCOTIA, NEW BRUNSWICK, PEI, NEWFOUNDLAND/LABRADOR (1)

Ulnooweg Development Group Inc. (serving all Atlantic provinces) – Truro

By and For Indigenous:



2021/22 Highlights

- **Professional, qualified lending, always Indigenous led.** Since the outset of our movement, the IFI network's guiding principle has been to catalyze Indigenous business development from within, by lenders who know and understand our communities and regional economies.
- **The IFI network is in continual contact with clients and communities.** The initiatives that we develop respond to needs that our members convey to NACCA. In addition, we take on tasks with other national Indigenous organizations. In fact, the past year has seen unprecedented collaboration of NACCA with other national leaders in Indigenous business development.
- **By and for Indigenous:** we assert Indigenous rights while promoting reconciliation. In distinct areas of business financing, surveys, procurement, strategic development, housing, and philanthropic sector engagement, our key initiatives in 2021/22 all take this approach.



Indigenous Growth Fund

In April 2021, NACCA made an announcement: the long-awaited Indigenous Growth Fund (IGF) had become a reality. With a first close of \$150 million, Canada's newest and largest Indigenous social impact fund is managed by NACCA and available to qualifying IFIs.

The IGF enables IFIs to make loans to Indigenous entrepreneurs, helping them overcome barriers they have faced historically. Capital from the Fund can also stimulate further economic growth, unlocking a pent-up demand for capital from new and expanding Indigenous businesses.

The IGF's innovative evergreen fund structure provides institutional and social impact investors with a vehicle allowing them to invest directly in economic reconciliation. In time, the IGF will be able to accept investments from accredited investors including public and private foundations, Indigenous trusts, corporate Canada, and other institutional investors. The model benefits IFIs and NACCA by hard-wiring in sustainability and a long-term structure, allowing the network to grow and access capital as needed.

The IGF was born of a partnership between NACCA and the Government of Canada. The federal government and Business Development Bank of Canada committed the first \$100 million, followed by further investments from Export Development Canada and Farm Credit Canada. Once the Fund is fully used, it will increase IFI lending by \$75 million annually, with loans to roughly 500 businesses.

Soon after the IGF was launched, NACCA selected the members of the Fund's Investment Committee, established policies and procedures, as well as an application package. The Fund began accepting and assessing applications in Fall 2021 – and has since been open to applications on an ongoing basis.

Investment Committee of the Indigenous Growth Fund

In December 2021, the IGF Investment Committee was formed to approve lending decisions. Nominated and assessed through a targeted outreach process, committee members are highly respected in the Indigenous business community:



*The IGF's investment committee is comprised of three independent members (pictured above from left to right Helen Bobiwash, Michael Rice and Kim Baird) and the IGF's Managing Director.
Photo Credit: NACCA*

Kim Baird: *from Tsawwassen First Nation in British Columbia, Kim is an accomplished leader with a long list of community economic development successes in her six terms as Chief of her First Nation and beyond. She has also provided advice as a consultant operating in the lower mainland of British Columbia. Kim sits on several boards including at the Canada Infrastructure Bank.*

Helen Bobiwash: *From Atikameksheng Anishnawbek in Ontario, Helen is a certified professional accountant who also has significant experience in developing tools to support Indigenous entrepreneurs.*

Michael Rice: *a Mohawk of Kahnawake in Quebec, Michael has worked for over 35 years as a specialist in acquiring capital and institutional development in various spheres – including housing, commercial, business development, venture capital, and infrastructure financing.*

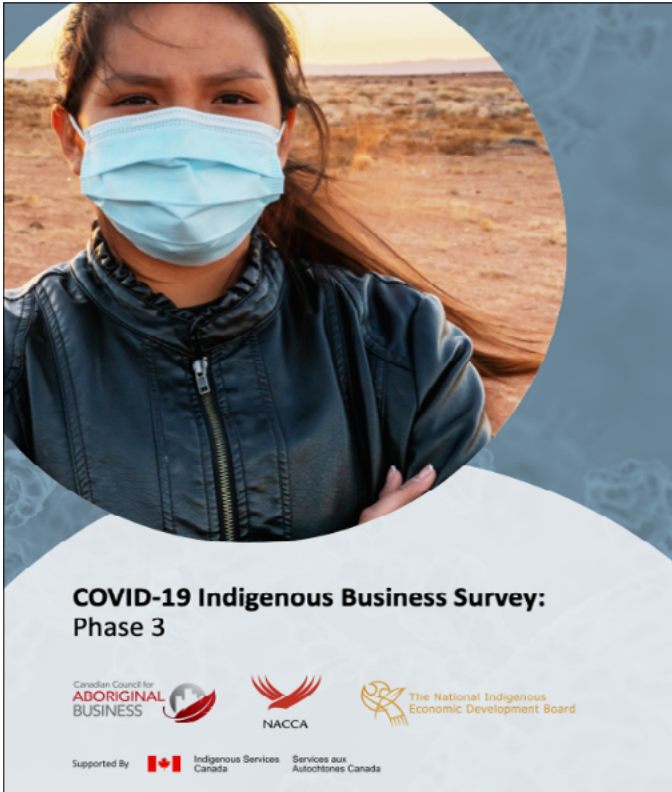
We are excited to see the IGF become a reality. AFIs know Indigenous entrepreneurs better than anyone; they are close to the Indigenous communities and understand their needs.

Michael Denham,
former President and CEO, Business Development Bank of Canada

On March 7, 2022, the IGF announced its first portfolio investment of \$10 million, advanced to the Nuu-chah-nulth Economic Development Corporation (NEDC) located on Vancouver Island. The NEDC used the capital to offer loans to smaller business clients, as well as clients with much larger capital needs.

As of March 2022, interest among potential investors in the Fund was strong. An IGF team priority was to work with NACCA to ensure that IFIs accessing the IGF will also be able to access program resources promoting the success of their business clients.

Indigenous Business COVID-19 Response Taskforce



Early in the COVID-19 response, NACCA began working with other Indigenous organizations to create a national Indigenous Business COVID-19 Response Taskforce. A key Taskforce priority was to understand the impact of the COVID-19 response measures on Indigenous businesses, from the perspectives of the business-owners themselves. In May 2020 and January 2021, the Taskforce presented Phases 1 and 2 of the COVID-19 Indigenous Business Survey, which found that Indigenous-owned businesses were indeed among the hardest hit by the response measures.

The Phase 3 report presented results of a survey conducted in Summer 2021. Distributed through networks of the Canadian Council for Aboriginal Business (project lead), NACCA, and the National Indigenous Economic Development Board, the Phase 3 survey gained a total of 672 responses.

Key findings included the following:

- Two-thirds (66%) of Indigenous businesses continued to have negative impacts from the COVID-19 pandemic.
- Half (48%) of Indigenous businesses had laid off staff either temporarily or permanently. However, two in ten (20%) had hired new staff, up from 10% in Phase 2.

- As with previous phases, a large proportion (42%) of business owners stated that the most pressing business need was a return to normal.
- About one third (36%) stated that they could not operate beyond the next six months without further government support, down from 54 percent in May 2020.
- An increased number of businesses reported low credit ratings or limited cash savings (18%) as a barrier to accessing government supports.
- Interest in training for grant, proposal, and application writing increased from prior phases (52%), and in training for web development, e-commerce, online sales, and financial planning.

In 2021/22, the survey again provided NACCA with a tool to advocate on behalf of Indigenous businesses. The survey confirmed a need for Indigenous-specific programs, training and supports to help clients get through the crisis. This work culminated in Calls to Action that continue to guide NACCA's advocacy in the recovery period.

Advances in Indigenous Procurement

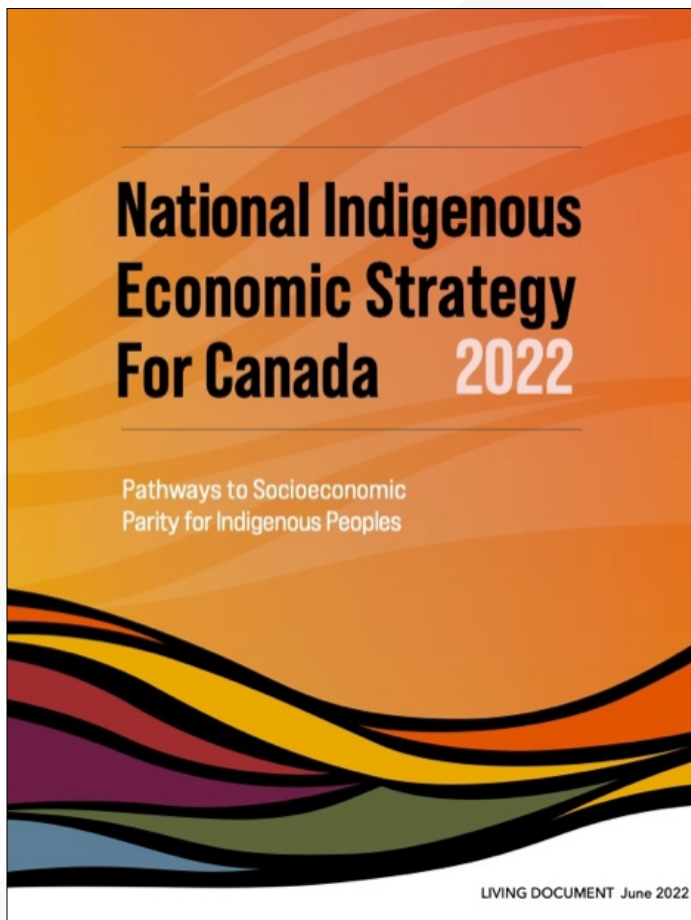
One key priority of the Indigenous Business COVID-19 Response Taskforce was to ensure that the federal government would call on Indigenous businesses to procure medical supplies and equipment. It had set a minimum 5% Indigenous procurement target in department mandate letters issued in December 2019. This target has been far from met, and research has shown a need to reduce the barriers for Indigenous businesses to participate in federal procurement opportunities.

In July 2020, selected Taskforce members formed a national Indigenous Procurement Working Group.¹ Collaborating with Indigenous Services Canada, Public Services and Procurement Canada and the Treasury Board Secretariat, the Working Group advises the federal government on legal and policy measures to help achieve the procurement target across government.

¹. Besides NACCA, members of the Working Group are: Assembly of First Nations (AFN) Council for the Advancement of Native Development Officers (CANDO), Canadian Council for Aboriginal Business (CCAB), Métis Nation, and the National Indigenous Economic Development Board (NIEDB). The working group is collaborating with Indigenous Services Canada and Public Services and Procurement Canada.

Throughout 2021/2022, the Working Group continued to meet with federal government officials to track progress on attaining the target. One goal is to develop a single Indigenous-controlled verified directory of Indigenous businesses across the country. The group has also promoted the development of a National Indigenous Supply Institute like the model now in place in Australia. The first step was to commission research papers on how such an institute could be structured. Research also began on definitions of an Indigenous business for an Indigenous-held and -managed business registry.

National Indigenous Economic Strategy



On June 9, 2022, a group of over twenty Indigenous organizations launched a National Indigenous Economic Strategy for Canada (NIES). Work to develop the strategy was completed in the 2021/22 fiscal year. NACCA was a lead in convening a core group of drafters, which included the National Indigenous Economic Development Board, Canadian Council for Aboriginal Business, Council for the Advancement of Native Development Officers, and Indigenous Works.

The NIES aims at socio-economic parity with non-Indigenous Canada. Parity must remain a priority, where the inequities are still so great. According to data from the Canada census, four out of five First Nations reserves have median incomes below the poverty line. Likewise, a recent study by the Canadian Centre for Policy Alternatives found that Indigenous children are over twice as likely to live in poverty as non-Indigenous children. The trend has worsened over the past decade.

The first national strategy of its kind, the NIES marks a momentous step in a shared, Indigenous-led direction. Building on Calls to Action of the Truth and Reconciliation Commission and using the United Declaration on the Rights of Indigenous Peoples as its framework, the ten-year strategy aims to guide government, Indigenous entities and communities, the private sector, and non-Indigenous organizations in incorporating economic reconciliation into their own work. It offers four pathways and over 100 Calls to Economic Prosperity in its goal to achieve socio-economic parity for First Nation, Métis, and Inuit people in Canada.

As we collectively move from development to implementation, NACCA will have updates on the NIES in annual reports to come.

Indigenous Market Housing Finance Initiative

The dire state of Indigenous housing is well-known, especially in First Nation communities. Some IFIs have been active in housing finance for several years; others are curious about possibly lending in this sector. In Spring 2021, NACCA partnered with the Quebec-based Aboriginal Savings Corporation of Canada (ABSCAN) to hold the third of three workshops with federal government representatives and Quebec First Nation organizations. The workshop aimed to further develop the concept of market housing financing by IFIs, and to gauge the level of interest in supporting it within government.

Throughout the 2021/22 fiscal year, NACCA and ABSCAN worked on a financial model and business plan for the market housing finance initiative. Called Yānonhchia', a Huron-Wendat word conveying "hearth and home," the initiative entails a transformed understanding of the role of high-quality housing within communities. It emphasizes a shared responsibility to achieve better housing outcomes of individual, governments, and market actors. Further detail on Yānonhchia' will be available in next year's annual report.

Indigenous Prosperity Foundation

Seeding the Potential of Indigenous Entrepreneurs



Creating a Charitable Foundation through The National Aboriginal Capital Corporations Association (NACCA)



As Canada begins to acknowledge Indigenous Peoples as essential and fundamental creators of our shared future, Indigenous entrepreneurship is a vital pathway to economic reconciliation. To this end, NACCA has developed an exciting plan to build on its established national networks to create a unique charitable foundation: the Indigenous Prosperity Foundation (IPF).

NACCA obtained charitable status for the IPF in October 2021. Its purpose is to raise funds through philanthropic donors, funders, and grant programs, then to work in partnership with IFIs to support underserved Indigenous women, youth, and early-stage entrepreneurs. The IPF will aim to provide prospective entrepreneurs with funding, training, mentorship, and access to resources that can help them start and grow thriving businesses.

As a registered charity, the IPF will not compete with NACCA or IFIs, but will tap into sources of capital and program support from a sector that is otherwise not available to Indigenous business lenders. Its aim is to assist entrepreneurs who may have no formal business education or experience at all. Such early entrepreneurs may be daunted by the prospect of having to submit a formal business plan, or to take on any debt, and yet may be talented service-providers, artisans, and craftspeople. The IPF will provide a safe, nurturing space to offer candidates needed exposure to skills, mentors, and possibilities.

By March 2022, the Foundation's governance structure had yet to be finalized. As a separate entity, the IPF will have an independent board and dedicated staff. The Foundation's initial focus will be on youth and women, with customized workshops in business development and financial literacy; access to digital tools and e-commerce; mentoring from established Indigenous entrepreneurs; and seed grants of \$1,000 to \$3,000 to research or test out a preliminary business concept.

Adding the charitable Indigenous Prosperity Foundation will help supplement the robust ecosystem of supports that NACCA and IFIs can offer. It will set a new generation of Indigenous entrepreneurs on the path to economic self-determination and allow the philanthropic sector to support a charity governed by Indigenous people.



Network Performance

2021-22 IFI Highlights

The 2021-22 fiscal year was one of recovery, after a year of exceptional activity by both NACCA and network members to assist Indigenous businesses affected by the COVID-19 response. By June 2021, the IFI network had delivered relief packages of business loans and non-repayable contributions to over 3,000 businesses, in addition to its usual loan activity. Regular IFI lending also continued, at rates only slightly lower than in the strong year of 2019.

This pattern carried into 2021/22. The pandemic response slowed down lending somewhat, but the dollar amount of loans advanced has stabilized and points to a recovery.

IFI Highlights ¹	2019	2020	2021	2022 ²
Regular IFI activity				
Total loan dollars advanced	\$126,610,298	\$113,033,391	\$112,791,715	\$113,431,102
▪ To start-ups	\$38,133,606	\$24,727,795	\$27,537,427	\$28,335,914
▪ To existing businesses	\$88,476,693	\$86,322,837	\$80,115,650	\$81,690,624
Total number of loans	1,196	1,102	964	928
▪ To start-ups	436	358	295	369
▪ To existing businesses	760	744	668	559
Total FTE jobs created or maintained by new loans	3,716	3,873	4,029	3,642
Total gross loan portfolio (GLP)	\$268,330,031	\$285,343,972	\$297,075,437	\$292,000,984
Average size of new loan (weighted)	\$106,328	\$105,231	\$110,360	\$119,990
Interest yield on GLP (weighted average)	6.06%	6.19%	5.28%	5.85%
Annual write-offs as % of GLP (weighted average)	1.48%	1.38%	1.78%	1.75%

1. The data here are drawn from IFI audited financial statements, supplemented by annual reporting on lending activities and impacts. Where data were unavailable, we filled in values using an algorithm that aligns the estimated value with data points from the previous and following years. The fiscal years reported are assumed to end on March 31, the fiscal year-end for the vast majority of IFIs. For all years, data for the five Métis Capital Corporations were removed from NACCA's data set.
2. NACCA is continually improving our methodology for collecting and compiling our reporting data. As a result, figures from this report should not directly be compared to those from prior reports.

Breaking Down the Annual Data

From April 2021 to March 31, 2022, IFIs extended 928 loans worth over \$113 million to Indigenous businesses across the country. These loans either created or maintained 3,642 full-time equivalent jobs, a number slightly lower than in previous years.

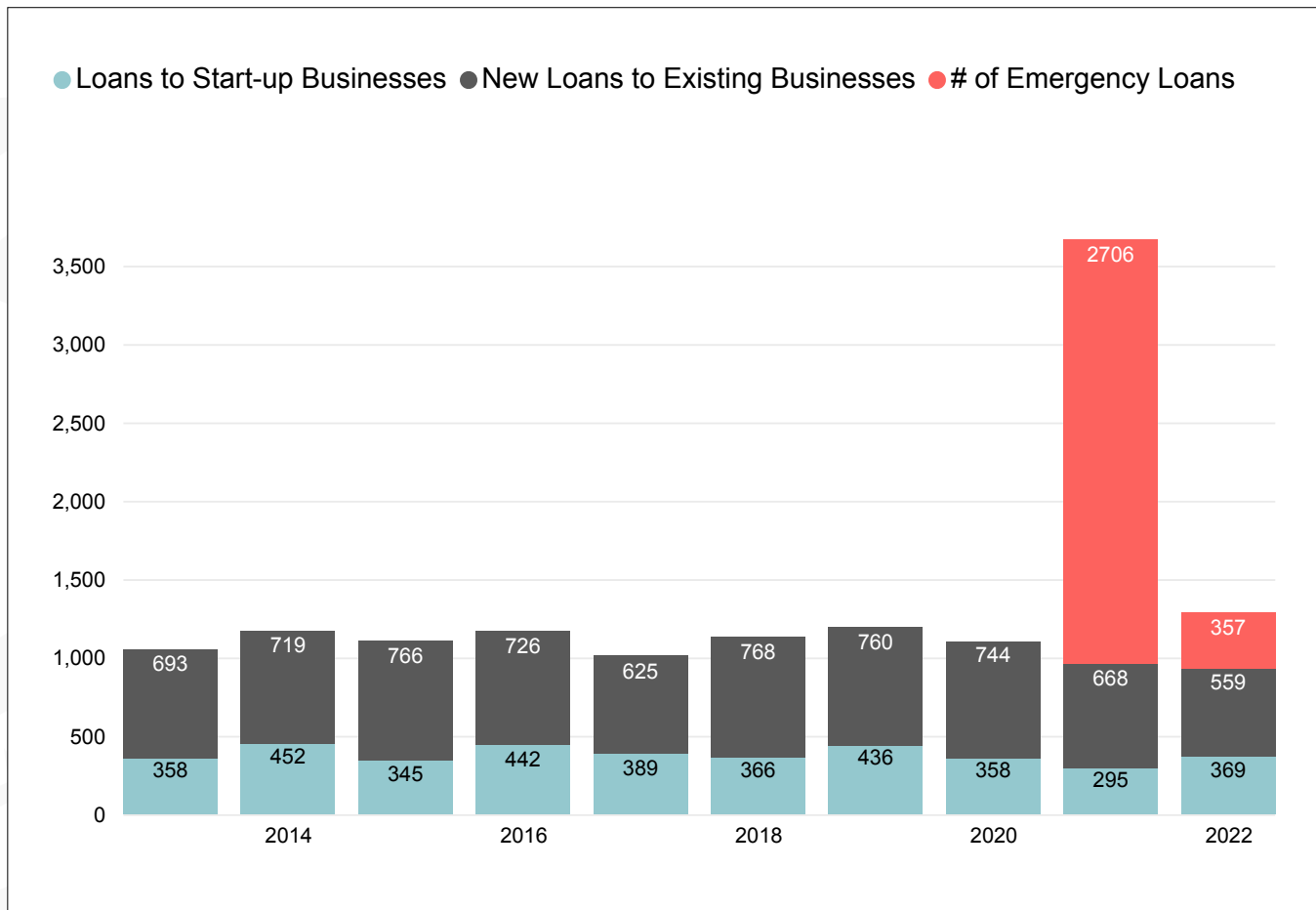
Larger versus Smaller Loans

Continuing the trend from prior years, the past fiscal year featured a slightly lower number of loans, with a slightly higher average value. In a situation of high demand but stagnant available capital, IFIs appear to have opted to invest in larger projects. As the data indicate, the average dollar amount per loan that IFIs issued to Indigenous business owners in 2021/22 was \$119,990.

Start-ups and Existing Businesses

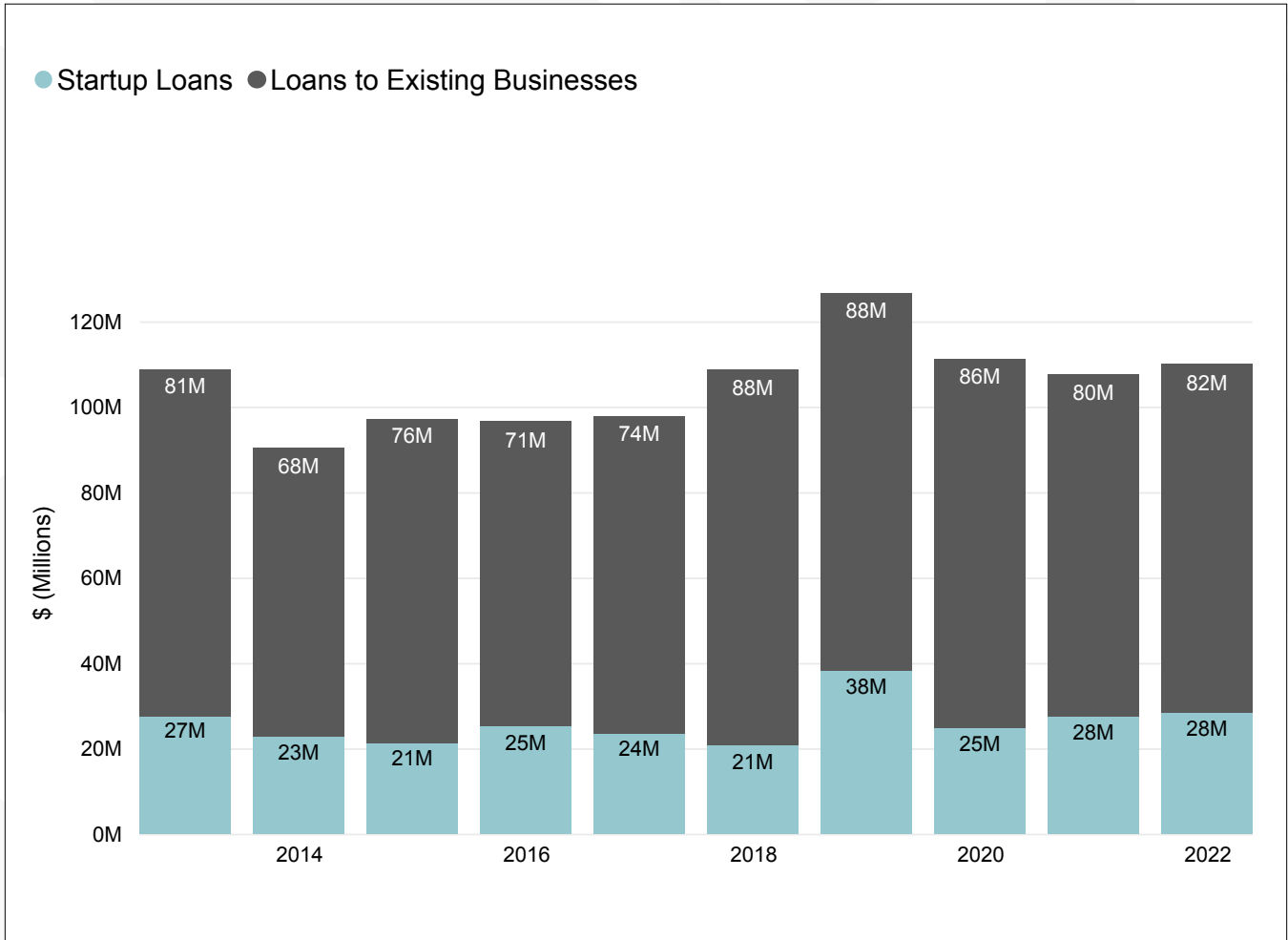
Consistent with the mandate of IFIs, a large majority of Indigenous businesses supported by their loans were small- or medium-sized enterprises (SMEs).

Number of New Loans Advanced by IFIs



Aside from providing another 357 businesses with emergency loans in 2022, the number of regular loans continued to decline slightly in 2022. Against that trend, IFIs served a notably larger number of start-up businesses.

Value of New Loans Advanced by IFIs

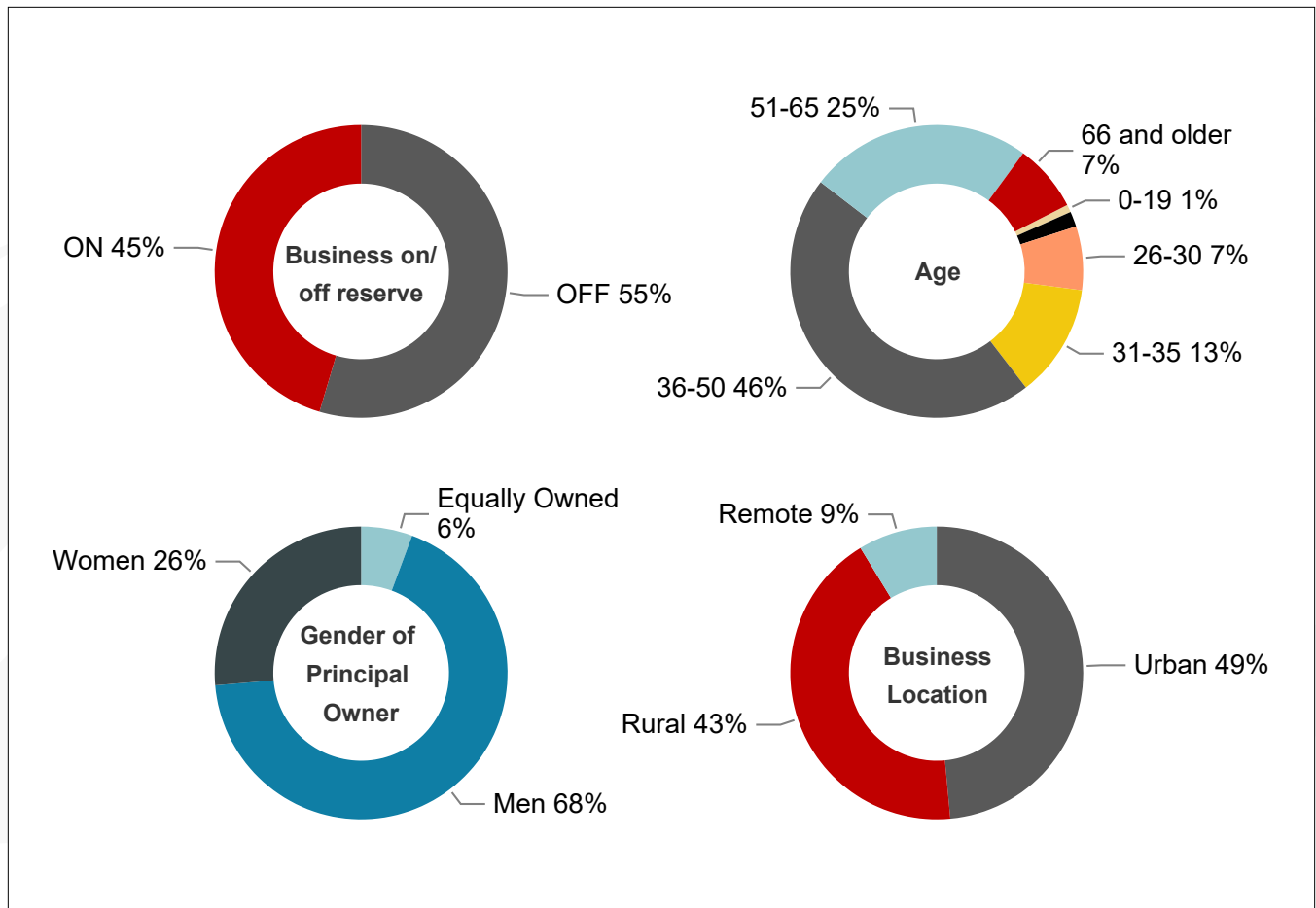


Coming out of COVID, which slowed down lending in 2020, the dollar amount of loans advanced has stabilized. In dollar amounts, start-ups received a smaller – yet still significant – proportion of loans. In 2022, \$28 million went to start-ups, while \$82 million went to new loans to existing businesses.

A Diverse Set of Indigenous Entrepreneurs

In 2015, NACCA began tracking some of the basic demographic characteristics of the clients that IFIs support. The results for 2021-22 are consistent with those for prior years, except for a small increase in the share of businesses located off-reserve and in rural settings. As with 2020/21, a greater proportion of loans were offered to businesses in reserve and rural communities compared to urban centres.

In 2021-22:



- **On-reserve/off-reserve:** Slightly over half (55%) of businesses were located off-reserve in 2021/22, which represents a slightly greater proportion than in the prior year.
- **Business location:** Just under half of IFI loans and financing (49%) went to businesses located in urban settings, while over half went to businesses in rural (43%) or remote (9%) locations. This distribution is similar to 2020/21 except for a small increase in the share of businesses in rural settings.
- **Gender:** Just under a third (32%) of IFI loans went to businesses either solely owned (26%) by Indigenous women or co-owned (6%) with a male.
- **Age:** Almost three-quarters (71%) of IFI clients are over 35. The share of businesses owned by youth aged 35 and under was up from 18% in 2020/21 to 21.5% in 2021/22.

The Indigenous Women's Entrepreneurship Program

Indigenous women are, and always have been, at the very heart of Indigenous communities. As key contributors to the Indigenous entrepreneurship ecosystem and the IFI market, they continue to face barriers to entrepreneurship beyond those that men do. Recognizing this, NACCA made supporting Indigenous women entrepreneurs a priority of its 2017-2022 Strategic Plan.

In 2019, NACCA received funding of \$1.2 million from Innovation, Science and Economic Development (ISED) Canada to launch an Indigenous Women's Entrepreneurship (IWE) Program. Guided by a working group of IFI representatives across Canada, the program's first step was research. The next stage was to develop tools, resources, workshops, and training to support Indigenous women entrepreneurs.

In Budget 2021, NACCA and the network received \$22 million over 3 years to expand the IWE program further. NACCA focused on building IFI capacity to support their Indigenous women clients. The new program features dedicated IWE business support officers; resources for training and workshops; and a micro-loan program of \$150,000 for IFIs to deliver loans up to \$20,000. NACCA also offers gender bias training to boards and staff of interested IFIs.

Roll-out of the IWE was postponed until February 2022, due to delays in receiving the master funding agreement from the federal government. By the fiscal year end, NACCA had approved 32 IFIs to deliver the program, with full coverage across every province and territory. The program was also approved for additional funding of \$560,000 for enhancements from Women and Gender Equality Canada. The new funding will be used to further support the program and amplify its activities at the national level.



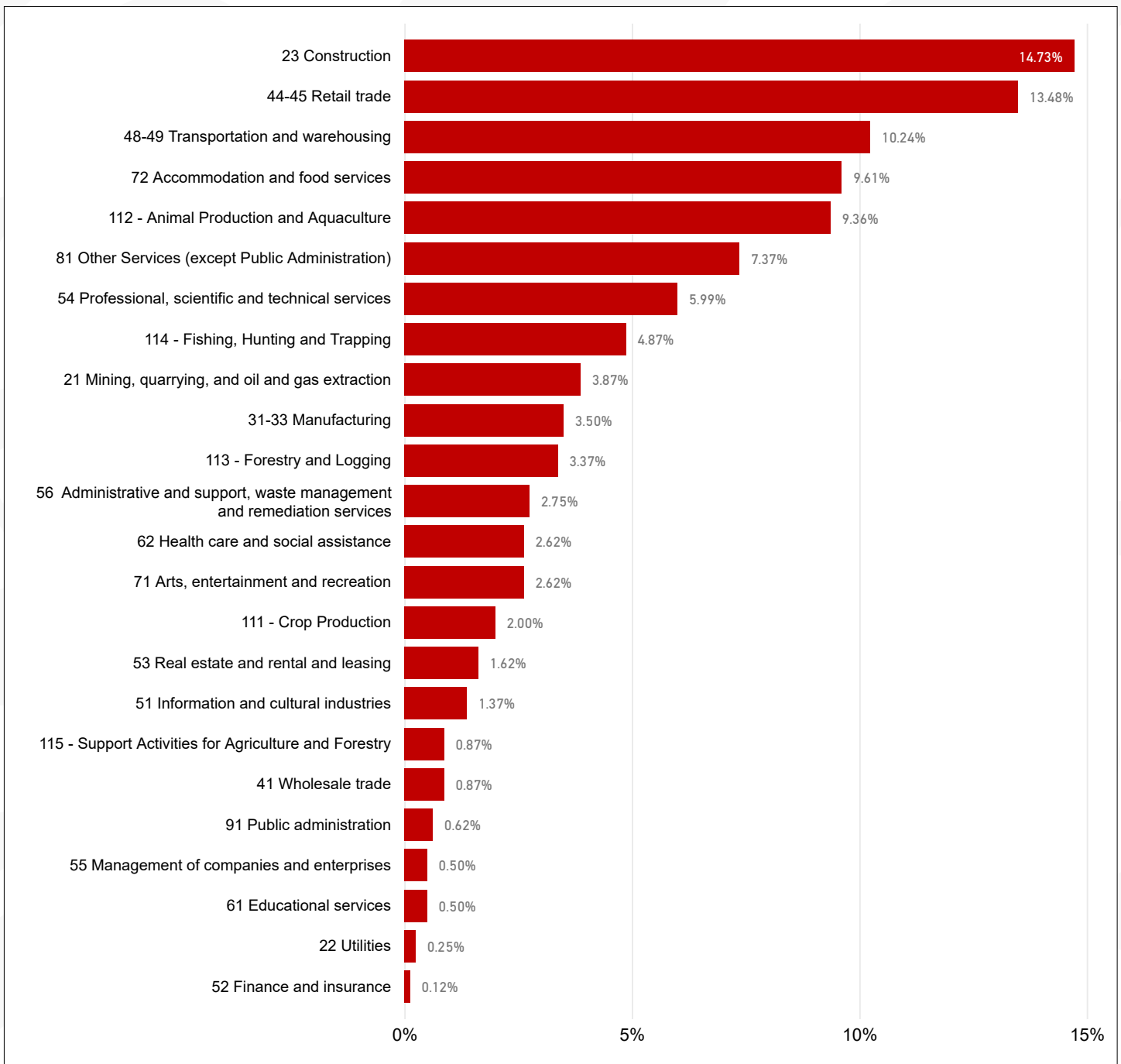
By March 2022, NACCA had developed training modules for new IWE business service officers. We look forward to reporting the first IWE Program results in our next annual report.

*Magnolia Perron, Indigenous Women and Youth Program Manager addresses guests at IWE Launch Event with Clarence Campeau Development Fund (CCDF). Regina, SK - March 2022.
Photo: NACCA*

A Wide Range of Industries

As in previous years, IFI loans supported entrepreneurs in a wide range of industries, with large concentrations of business clients in a few key sectors nationally. Construction, retail trade, as well as transportation and warehousing were the highest. Food service and accommodation sectors were also well-represented, as were traditional businesses such as fishing, hunting, and trapping.

Notably for Indigenous economies, the sectors where Indigenous businesses are concentrated were also those most affected by social distancing measures responding to the COVID-19 pandemic.



From Coast to Coast to Coast:

IFI Highlights by Region

British Columbia issued a greater number of loans in 2021/22 than in the prior year, whereas the lending for each other region remained about the same. Notably, this table does not include the loans that IFIs issued under the Emergency Loan Program.

Region:	Alberta	Atlantic and Quebec	British Columbia	Manitoba	North	Ontario	Saskatchewan	Total
Total \$ New Loans	\$ 10,749,947	\$ 12,447,908	\$ 26,532,675	\$ 3,587,939	\$ 39,052,009	\$ 10,830,208	\$ 10,230,416	\$ 113,431,102
Total # Loans	114	81	235	63	43	158	234	928
# Loans to Start-up Businesses	36	24	91	44	9	51	114	369
# New Loans to Existing Businesses	78	57	144	19	34	107	120	559
Total FTE Jobs Created or Maintained	390	577	794	225	380	790	486	3642
Gross Loan Portfolio	\$ 24,080,239	\$ 30,839,089	\$ 60,511,153	\$ 28,088,179	\$ 83,791,392	\$ 38,785,993	\$ 25,904,939	\$ 292,000,984
Avg Loan Size (weighted)	\$ 56,819	\$ 103,806	\$ 114,153	\$ 149,206	\$ 904,698	\$ 70,297	\$ 43,720	\$ 119,990
Interest Yield on GLP (GLP, weighted)	11.60%	6.64%	5.72%	4.76%	5.86%	3.85%	3.98%	5.85%
Write Offs as % of GLP (weighted avg.)	8.03%	1.89%	0.38%	5.46%	0.05%	1.61%	0.60%	1.75%

Wrapping Up the Indigenous Business Support Program

In April 2020, the federal government announced a \$307 million Indigenous Business Support Program (IBSP). The package included emergency loans for Indigenous businesses, operating support for IFIs and NACCA, and a contingency fund to assist IFIs that had suffered significant losses due to client defaults on loan payments.

The IBSP concluded in June 2021. By that time, NACCA and 37 IFIs had disbursed almost \$160 million in COVID-19 relief funding to over 3,000 Indigenous businesses. The two other components; the interest relief and contingency fund for IFIs, concluded on March 31, 2022. By that point, NACCA had distributed \$16 million to IFIs whose portfolios had been significantly impacted.

NACCA's Programs at Work:

The Aboriginal Entrepreneurship Program

As an administrator of programs supporting businesses and IFIs, NACCA distributes funding to IFIs under the Aboriginal Entrepreneurship Program (AEP for short). This program supports most of the loans that IFIs provide to Indigenous businesses. With a budget of about \$30 million annually, the program has been oversubscribed for the past several years.

Under the AEP, five individual programs meet the needs of Indigenous entrepreneurs and the IFIs that serve them.

AEP	2019-20	2020-21	2021-22
ABFP Contributions	\$ 17,740,540	\$ 20,743,796	\$ 21,590,620
ABFP Operations	\$ 3,148,280	\$ 3,301,496	\$ 3,328,343
ACDP	\$ 1,057,190	\$ 1,005,069	\$ 916,371
ADLA	\$ 3,638,449	\$ 3,791,406	\$ 4,985,864
EA	\$ 208,744	\$ 284,156	\$ 196,325
IRB	\$ 153,724	\$ 150,771	\$ 120,748
TOTAL	\$ 25,946,927	\$ 29,276,694	\$ 31,138,270

1. Aboriginal Business Financing Program (ABFP)

The Aboriginal Business Financing Program or ABFP (also known as the equity program) addresses the barriers to obtaining financing that Indigenous businesses typically face. Delivered by 16 IFIs across the country, the program provides Indigenous entrepreneurs and community-owned businesses with a non-repayable contribution they can use toward eligible project expenses. With the contribution in place, IFIs can provide a loan to finance the start-up or expansion. Without the contribution from the ABFP, many loans to Indigenous businesses would not be viable.

ABFP	2019-20*	2020-21	2021-22
# of Regional Leads	15	16	16
Contributions provided to businesses	\$ 17,740,540	\$ 20,743,796	\$ 21,590,620
Operating support for IFI Regional Leads	\$ 3,148,280	\$ 3,301,496	\$ 3,328,343
TOTAL ABFP Funding	\$ 19,673,494	\$ 21,674,074	\$ 24,058,479
# of Projects supported	399	466	499

* To make it easier to compare across years, the data in this table excludes data from the five Metis Capital Corporations for all years.

As in previous years, demand for the ABFP continued to be very high, with 499 projects supported in 2021/22.

2. Aboriginal Developmental Lending Allocation Program (ADLA)

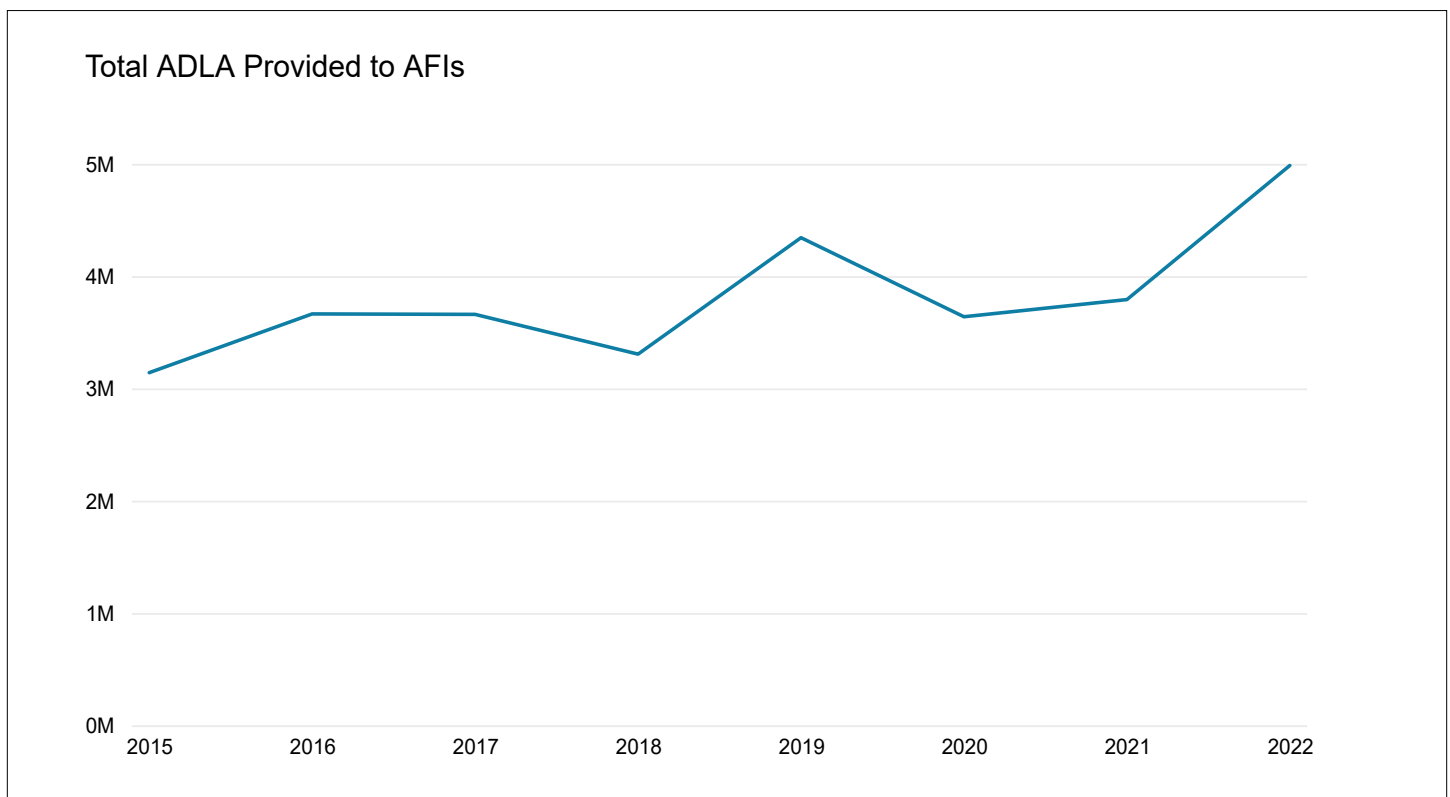
The ADLA program supports the sustainable deployment of loan capital that IFIs have available by providing IFIs with an incentive to engage any capital they can access by issuing further loans. Prior to introduction of the ADLA in 2014-15, many IFIs struggled to break even due to the high costs of their developmental lending, which could not be met by the interest rates that they were able to charge.

As the number and value of loans supported indicates, this activity-driven program has achieved its objective of encouraging IFIs to issue more loans to Indigenous businesses. The program was over-subscribed again in 2021-22. At almost \$5 million, the ADLA funding represents the most paid to IFIs since the program was founded.

ADLA	2019-20*	2020-21	2021-22
# of IFIs accessing	19	17	19
# of loans to businesses	436	327	458
\$ Value of developmental loans	\$ 27,988,066	\$ 30,519,047	\$ 39,711,650
\$ ADLA Funding paid to IFIs	\$ 3,638,449	\$ 3,791,406	\$ 4,985,864

* To make it easier to compare across years, the data in this table excludes data from the five Metis Capital Corporations for all years.

After two years of COVID-19 restrictions, there has been a strong demand for the ADLA, as the graph below indicates. This upward trend cannot be noticed for all IFIs, because those that do not access the ADLA had a decline in lending volume. We are noticing a bifurcation, therefore, among loan volumes for IFIs that did and did not access ADLA programming.



3. Aboriginal Capacity Development Program (ACDP)

The Aboriginal Capacity Development Program supports IFIs in their ongoing effort to enhance their capacity and effectiveness. With a budget of about \$1 million per year, projects in this period ranged from specialized training for staff members to upgrades to their loan management software.

In 2021-22, COVID-19 restrictions still had an impact on training opportunities. In addition to projects undertaken by individual IFIs, the ACDP also supported capacity for the network at large.

ACDP	2019-20	2020-21	2021-22
# of individual IFIs supported	28	19	20
# of IFI staff trained	125	74	105
# of IFI Directors trained	118	23	52
\$ of Funding Provided to IFIs	\$ 1,057,190	\$ 1,005,069	\$ 916,371

4. Enhanced Access Program (EA)

For various reasons, some areas of the country do not have an IFI serving Indigenous businesses there. The EA Loan Fund provides loan capital that other IFIs can access to provide loans in underserved areas. In addition, IFIs that access this lending capital are reimbursed for the operational expenses they incur in serving loans to businesses located outside of their traditional territories.

Funds drawn through the EA program supported 15 new developmental loans in 2020-21, offered by 4 IFIs.

EA	2019-20	2020-21	2021-22
\$ EA Loans Receivable	\$ 6,072,458	\$ 8,111,892	\$ 8,044,425
# of IFIs accessing for new loans	5	5	4
# of new EA loans	24	21	15
\$ value of loans approved	\$ 2,087,442	\$ 2,841,556	\$ 1,963,253
\$ Value of 10% admin approved	\$ 208,744	\$ 284,156	\$ 196,325

5. Interest Rate Buy-Down Program (IRB)

Faced with a lack of capital to issue new loans, some IFIs establish lines of credit with other financial institutions. The Interest Rate Buy-Down Program offsets the interest costs of accessing capital and, through it, supports IFIs in undertaking additional developmental lending.

IRB	2019-20	2020-21	2021-22
# of IFIs accessing the program	5	3	4
\$ value of subsidy claimed	\$ 153,724	\$ 150,771	\$ 120,748

Building on our Success

2021-22 in Review

A key feature of accountability is reporting back on commitments made in previous years. In 2021-22, NACCA completed its final year to address priorities identified in our 2017-22 Strategic Plan.

The tables below detail progress made on each priority in 2021-22.

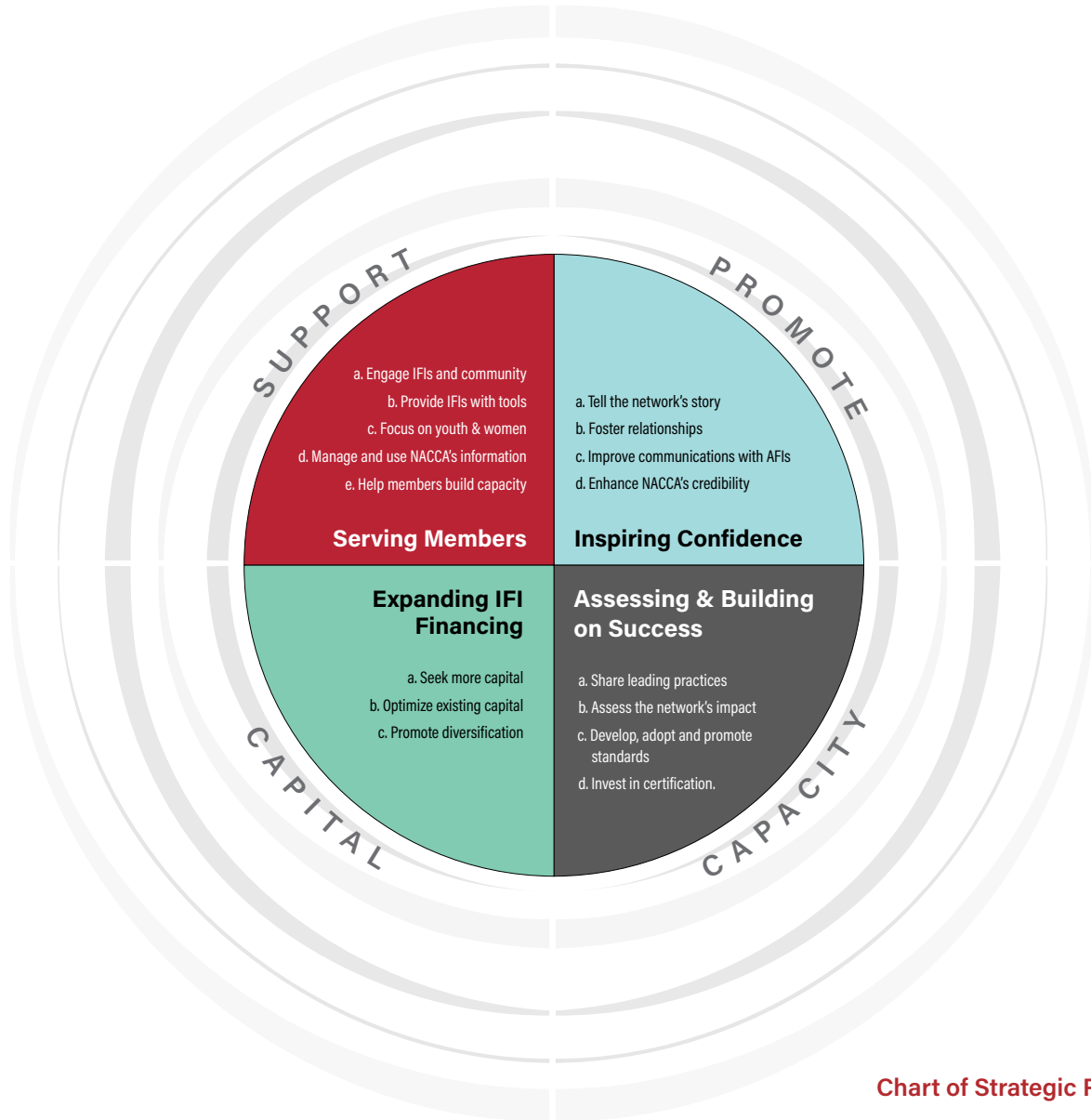


Chart of Strategic Priorities

SUPPORT

Priority 1: Serving NACCA Members

Our 2017-2022 Strategic Plan stresses NACCA's pledge to prioritize member satisfaction, engaging members through regular meetings and conferences, webinars and social media platforms. It commits the Association to developing tools and applications to assist IFIs in improving client services, and to enlist its program information to help IFIs to provide the best possible care to the next generation of Indigenous entrepreneurs. The Plan requires NACCA to target training and capacity support to distinct tiers of lenders. Finally, it entails a special focus on youth and women—identifying their lending needs, holding dedicated forums, and inviting youth to help develop new loan products.

Priority 1: Serving NACCA Members (cont.)

Strategic Directions	Achievements in 2021-22
<p>Engage IFIs and potential clients by holding regular conferences and gatherings, improving NACCA's web interface and enlisting social media.</p>	<ul style="list-style-type: none"> Reached out to IFIs through newsletters, Q and As, webinars and virtual meetings to offer updates, gain feedback and introduce new initiatives. Created an Indigenous Business Hub with physical and online spaces for IFIs to gather, hold meetings, and engage in peer-to-peer exchange.
<p>Provide IFIs with tools encouraging them to improve client service, through such things as web-based application processes and more comprehensive pre- and post-loan services.</p>	<ul style="list-style-type: none"> Further populated an online Indigenous Business Directory using the FaasBank system, registering almost 300 Indigenous businesses. Offered gender-bias training to interested IFI boards and staff. Developed an intensive training program for IFI business development officers, delivered at the May 2022 Indigenous Prosperity Forum.
<p>Focus on youth and women, using research and NACCA data to identify their lending needs, holding dedicated forums, and inviting youth to help develop new products.</p>	<ul style="list-style-type: none"> Obtained \$22M over 3 years for the Indigenous Women's Entrepreneurship Program, allowing participating IFIs to provide dedicated business service officers, microloans, and workshops. Featured 9 further IWE in NACCA's Role Model Campaign, presenting each with a \$1,000 grant to celebrate International Women's Day. Partnered with StrikeUP to offer Indigenous women a free digital conference in March 2022. Engaged an Indigenous Youth Business Advisory Council to oversee research informing tools to support youth interested in entrepreneurship.
<p>Manage and use NACCA's program information by improving its information management systems and using information to drive program and product development.</p>	<ul style="list-style-type: none"> Continued upgrading NACCA's reporting database to improve collection of and reporting on results. Continued supporting the transition of IFIs to a common FaasBank loan management system.
<p>Help members build capacity by publishing leading practices, implementing new tools and systems, and dedicating resources to accommodate various tiers of IFIs.</p>	<ul style="list-style-type: none"> Created a new training program for IFI Business Service Officers, offered online and in-person. With Chartered Professional Accountants of Canada, designed and piloted a financial literacy workshop with selected IFIs. Provided interested IFIs a subscription to Equifax Canada, offering enhanced credit rating services. Offered members IBIS World Canada Business Reports, providing comprehensive business intelligence services.

The Indigenous Youth Entrepreneurship Initiative

NACCA and the IFI network have long been involved in programs tailored to support Indigenous youth entrepreneurs. Just after NACCA was founded in 1997, it designed and delivered the First Nation and Inuit Youth Business Program with participating IFIs. Thousands of First Nations and Inuit youth-at-risk took part and IFIs gained important capacity in counselling youth entrepreneurs. Though government funding for the program ceased in the mid-2000s, the Youth Symposium that it created still takes place on an annual basis.

In its 2017-22 Strategic Plan, NACCA again identified outreach to Indigenous youth as a network priority. We wished to ensure that youth in the various regions where IFIs are present will become aware of their services, and will seek help from the network to meet their lending needs.

In 2020, NACCA partnered with Futurpreneur Canada to support Indigenous entrepreneurs aged 18 to 39. Twelve IFIs concluded individual agreements to promote Indigenous youth entrepreneurship in their territories. NACCA also convened a three-member Indigenous Youth Business Advisory Council to help guide its research into the needs and aspirations of this underserved market, and develop tools to support them.



To ensure that youth entrepreneurs can access the tailored supports they require, NACCA has pressed for government funding of a dedicated program on the lines of its Indigenous women entrepreneurship programming, which received \$22 million over 3 years in Budget 2021.

In 2021/22, NACCA used its own internal resources to fund research overseen by our youth business advisory council. Including a literature review, survey, and focus groups undertaken with Indigenous youth entrepreneurs, the research will underpin tools, training and workshops. Youth in the earliest stages of entrepreneurship will also be able to apply for seed grants from the Indigenous Prosperity Foundation, a registered charity that NACCA founded in October 2021.

Photo: iStock

PROMOTE

Priority 2: Inspiring Confidence in the Network

In its Strategic Plan, NACCA committed to telling the network's story to decision-makers and potential partners, as well as members, potential clients, and the public. NACCA will build relationships to amplify the network's influence at policy tables and conclude partnerships with like-minded organizations to improve its training and capacity-building. Finally, the Strategic Plan commits NACCA to enhancing its reputation by obtaining certification of its internal processes.

Strategic Directions	Achievements in 2021-2022
<p>Tell the network's story to the government, other lenders, and the public by sending out a delegation of NACCA's most experienced lenders, participating in national events, and taking guest speaking and other opportunities to get the word out.</p>	<ul style="list-style-type: none"> ▪ Appeared at several webinars, conferences, media interviews and parliamentary committee hearings (full list below). ▪ With the Canadian Council for Aboriginal Business and National Indigenous Economic Development Board, conducted the final (of three) COVID-19 Indigenous Business Surveys. ▪ Distributed copies of NACCA's legacy book – Breaking A Trail to Prosperity: The Story of the Indigenous Financial Institutions Movement – to diverse Indigenous and non-Indigenous representatives.
<p>Foster beneficial relationships with other Indigenous organizations, federal and provincial politicians, departments beyond ISC and Industry, non-Indigenous professional associations, and the private sector.</p>	<ul style="list-style-type: none"> ▪ Played a central role in a national Indigenous Procurement Working Group advocating for a National Indigenous Supply Institute. ▪ With 22 other Indigenous organizations, developed a National Indigenous Economic Strategy for Canada, launched in June 2022. ▪ Met with a growing range of political and business leaders, parliamentary committees, and federal departments and agencies to advocate for the network and Indigenous entrepreneurship. ▪ Presented at several conferences and panels to profile the network as an experienced leader in stimulating Indigenous business development.
<p>Improve communications with IFIs through regular technical conferences, improving the website, and enhancing the Association's social media presence.</p>	<ul style="list-style-type: none"> ▪ Reached out to IFIs through newsletters, Q and As, webinars, and virtual meetings to share information and gain feedback on NACCA programs/initiatives. ▪ Maintained NACCA's presence on various social media platforms.
<p>Enhance NACCA's credibility by obtaining certification for the Association.</p>	<ul style="list-style-type: none"> ▪ Underwent final steps to obtain ISO 9001 certification, received in June 2022.

Priority 2: Inspiring Confidence in the Network (cont.)

Government Relations, Conferences, Media Events



In the 2021/22 fiscal year, NACCA was active in its advocacy for the network and Indigenous entrepreneurs across several venues and sectors. NACCA's board, CEO, and senior staff attended dozens of meetings with federal ministers, members of Parliament, senators, government officials, and private sector associations. In addition to such meetings, NACCA's CEO took part in numerous panels, conferences, and media events to tell the story of the network and its success.

The following list of engagements conveys our advocacy in the 2021/22 fiscal year:

- April 7, '21** *Armchair Session, International Association for Reconciliation Studies, NRCAN and the Indigenous Economy.*
- May 10** *Testimony on Economic Reconciliation, Senate Prosperity Action Group.*
- May 18** *Testimony on Indigenous Procurement, Senate Committee on National Finance.*
- May 31** *Testimony on Bill C-15, Standing Senate Committee on Aboriginal Peoples.*
- Jun 9** *Virtual panel, Oweesta Corporation (Native CDFI located in Colorado, USA).*
- Jun 9** *Testimony on Indigenous Procurement, Standing Committee on Government Operations and Expenses.*
- Jun 16** *Indigenomics Panel Discussion, NACCA and Business Development Association.*
- Jun 22** *Panelist, conference at Anishnawbe Business Professional Association (ABPA).*
- Jun 23** *Panelist, Luminary National Gathering, Indigenous Works.*
- Sep 21** *Panelist, File Hills Qu'Appelle (FHQ) Developments Indigenous Agricultural Innovation Conference.*
- Oct 22** *Awards Sponsor Speech, Canada Innovators and Entrepreneurs Foundation*
- Oct28** *Selected to Advisory Board, Pow Wow Pitch*
- Nov 4** *Interview with Art Chamberlain, TheFutureEconomy.ca, on Investing in the Indigenous Economy*
- Nov 24** *Speaker, Indigenous Consultation & Engagement Atlantic Conference.*
- Nov 29/30** *Speaker, Bank of Canada, 2021 Symposium on Indigenous Economies.*
- Dec 1** *Panelist, Responsible Investment Association, Indigenous Perspectives on a Just Transition to Net Zero.*
- Dec 15** *Ambassador, Organization for Economic Cooperation and Development.*
- Jan 19, '22** *Featured in Indigenous Leaders series, "Entrepreneurship will lead Indigenous communities out of the 'social trap.'" Northern Ontario Business.*
- Mar 8** *Speaker, Arctic 360 Conference.*

Top left: NACCA CEO Shannin Metatawabin addressing conference at Lac Leamy Hilton, Gatineau, QC. Photo: NACCA

CAPITAL

Priority 3: Expanding IFI Financing

NACCA identified securing new capital for the network– both loan and equity capital – as a core strategic priority. The Strategic Plan commits the Association to developing and distributing the case for further investment; sending a delegation of experienced lenders to decision-makers; and identifying social financing umbrellas that could allow the IFI network to become a leader in socially responsible investment. The Association has also committed to working with its TAG Working Group to maximize the benefits of the capital the network already receives.

Strategic Directions	Achievements in 2021-2022
<p>Seek new capital for the network, including accompanying program funding, by developing and distributing the investment case for the network’s developmental financing; sending out a delegation of experienced lenders to decision-makers; and identifying social financing umbrellas.</p>	<ul style="list-style-type: none"> ▪ Completed first close of NACCA’s Indigenous Growth Fund, appointed Investment Committee, and issued first portfolio investment of \$10M. ▪ Created the Indigenous Prosperity Foundation to provide mentorship, training, and seed grants to youth and early-stage Indigenous entrepreneurs. ▪ Designed program elements, facilitated the participation of 32 IFIs, and officially launched Indigenous Women’s Entrepreneurship Program. ▪ Obtained \$560,000 further funding from WAGE Canada for enhancements to the IWE program. ▪ Concluded delivery of the Indigenous Business Stabilization Program (IBSP), providing \$160M in COVID-19 relief funding to 3,000 businesses. ▪ Gained federal commitment to forgive 50 percent of loans issued under the Emergency Loan Program, announced in Budget 2022. ▪ Gained \$32 million over 3-years to fund the AEP in Budget 2021, and began negotiations with Indigenous Services Canada to renew the flagship Aboriginal Entrepreneurship Program.
<p>Optimize the use of existing capital by developing a tiered approach to allocating capital among IFIs</p>	<ul style="list-style-type: none"> ▪ Extended ABFP and ADLA programming to further network members.
<p>Promote diversifying the network’s funding sources by allowing IFIs to support projects exceeding \$250,000, developing tools that will enable them to expand, and facilitating their exploration of options in social finance, innovation, and housing.</p>	<ul style="list-style-type: none"> ▪ Held third of three workshops and developed a business case for interested IFIs to participate in a national Indigenous market housing finance. ▪ Appeared at panels/conferences on social finance, advocating for private investment in Indigenous projects and support to take part in net zero projects.

Renewing and Resourcing the Aboriginal Entrepreneurship Program.

The Aboriginal Entrepreneurship Program (AEP) is the network's flagship program. Managed by NACCA, the AEP was set to expire on March 31, 2022, but was extended to March 31, 2024. Staff spent much of 2021/22 negotiating the terms of a new agreement with Indigenous Services Canada (ISC).

Since the 1990s, Canada has reduced program funding from \$85 million to \$30 million, which left our network largely to absorb its own overhead. In Budget 2021, the network obtained a "down payment" of \$32 million over 3 years. We are now seeking a comprehensive 10-year agreement that is flexible enough to reallocate among programs to reflect the network's priorities. The agreement must also have sufficient funding to ensure that network members have the capacity required to administer their larger volume of loans effectively. Any new agreement must also reflect the principle of Indigenous control.



Raygen Heathen. Photo: courtesy of the Saskatchewan Indian Equity Fund.

NACCA has undertaken several actions to support our case. Guided by our TAG working group, NACCA reformed the logic model and identified modifications to enhance efficiency of delivering the AEP last fiscal year. In 2021/22, we commissioned an external review of the AEP by a professional evaluator, while ISC was completing its own evaluation. NACCA also developed a training program for IFI Business Services Officers. After incorporating feedback from a pilot with two IFIs, we plan to roll out online BSO training to all members in the new fiscal year.

CAPACITY

Priority 4: Assessing and Building on the Network's Success

The IFI network has a significant impact on Indigenous business development in Canada. Yet there is still an opportunity better to understand, benchmark, and measure the network's successes and to cultivate leading IFI practices as norms. The Strategic Plan commits NACCA to sharing leading practices of IFIs at conferences, events, and online. The Association will also assess the network's impact on Indigenous business by collecting and analyzing relevant data about its activities.

NACCA's board has committed to investing in the network by funding quality management systems (e.g. ISO) for interested IFIs and tailoring capacity resources to assist IFIs in meeting this goal. NACCA has actively been seeking ISO-9001 certification over the past years.

Strategic Directions	Achievements in 2021-22
<p>Share leading practice of IFIs by identifying and publicizing them at conferences, major national events, and online.</p>	<ul style="list-style-type: none"> Developed 9 further IFI success stories for the Indigenous Women's Entrepreneurship Program, for a total of 26 entrepreneurs to date. Established three new IFI awards – General Manager of the Year, Social Responsibility, and Innovation – for the 2022 Prosperity Forum.
<p>Assess the network's impact on Indigenous business in Canada by collecting and analyzing relevant data about the network's activities.</p>	<ul style="list-style-type: none"> Concluded a study of the socio-economic impact of IFIs with the Conference Board of Canada. Produced a report profiling seven Indigenous community-owned businesses across Canada.
<p>Develop, adopt, and promote standards for the network by developing criteria for a tiered allocation approach, offering IFI certification, and pursuing certification for NACCA within the next year.</p>	<ul style="list-style-type: none"> Overseen by the TAG working group, commissioned a review of the Aboriginal Entrepreneurship Program. Underwent final steps to obtain ISO 9001 certification, received in June 2022.
<p>Invest in members' pursuit of certification and target capacity development funding to assist them in achieving it.</p>	<ul style="list-style-type: none"> With the Harvard Business School Executive Education Program, planned deliver of a customized IFI training program for Summer 2022.

Priority 4: Assessing and Building on the Network's Success (cont.)

ISO 9001 certification

ISO 9001 is an internationally recognized quality management system that can be tailored to an organization of any type or size. It requires the organization define and follow a quality management system, to identify areas for improvement, and to take actions toward it.

NACCA established ISO 9001 certification as a priority action in our 5-year Strategic Plan for 2017 to 2022 and started seeking accreditation that same year. In 2021/22, we completed the final steps to obtain the certification. We are thrilled to have the designation, which took a lot of work to acquire and will require ongoing actions to maintain.

Some of our members obtained the designation before we did, inspiring us to do the same. Likewise, NACCA will continue to encourage IFIs that are interested in obtaining their designation to do so.



Certificate of Registration

This is to confirm that KPMG Performance Registrar Inc. has registered the Quality Management System of

National Aboriginal Capital Corporations Association

338 Somerset Street West, Ottawa, ON, Canada K2P 0J9

to the Quality Management System Standard

ISO 9001:2015

The Quality Management System is applicable to

The provision of financial assistance programming and advocacy support for the network of Aboriginal Financial Institutions operating in Canada.

This registration is given subject to the terms and conditions governing the use of this certificate as described in the agreement between KPMG Performance Registrar Inc. and the holder thereof. Registration does not assure the effectiveness of the Quality Management System or the products or services produced by it.
* Further clarifications regarding the scope of this certificate and the applicability of ISO 9001:2015 requirements may be obtained by consulting the organization.

Registration Number: 2681
Issue Date: June 7, 2022
Expiry Date: June 6, 2025



Shawn Ellsworth
President
KPMG Performance Registrar Inc.
Vancouver, B.C., Canada V7Y 1K3

Always Higher, Always Stronger

2022 and Beyond



Strategic Plan at a Glance



The past five years have focused on telling the network's story and acquiring the capital we need to finance Indigenous businesses. After delivering on virtually all of our strategic goals, NACCA's board set its sights again to the future. By the end of the 2021-22 fiscal year, with participation of IFIs, NACCA had prepared a new strategic plan for the 2022 to 2027 period.

NACCA's 2022-27 Strategic Plan has three priority areas:

Priority 1
Supporting
Indigenous
Financial
Institutions

Priority 2
Access
to
Capital

Priority 3
Advocacy
and
Readiness

2022 and Beyond – Three Priority Areas

1. Priority 1: Supporting Indigenous Financial Institutions

Over the next five years, NACCA commits to offer more equitable program access to all regions of the country and will continue to assist IFIs to become leaders in developmental lending. NACCA will support member capacity – providing tools, training, and strategies to improve the network’s efficiency.

A significant first step will be to renew the Aboriginal Entrepreneurship Program, with flexible, sufficient and Indigenous-controlled funding in the form of a multi-year grant. In 2022-23, negotiating the funding agreement will be a top priority. In the summer of 2022, NACCA developed a government relations strategy, which we will be implementing throughout the fiscal year.

2. Priority 2: Access to Capital

Goals for NACCA’s second major priority are to expand the offer of capital, programs and services to IFIs and, through IFIs, to their Indigenous business clients. A related goal is to pursue new partnerships and strengthen existing ones – with Indigenous, government, and private/philanthropic sectors; and explore further opportunities and products, such as market-based Indigenous housing and tourism.

In 2022-23, NACCA will continue to seek program funding for our youth initiative, the sole initiative from our last strategic planning period that remains unfunded. The youth demographic is so important for our network that we will carry on the research and tool development using our internal funding, continuing to develop partnerships and seek diversified sources of funds. Next year, we will benefit from the advice of a new youth business advisory council, as the terms of the inaugural one will have expired.

3. Priority 3: Advocacy and Readiness

The third – and final – priority area has five interrelated goals. First, the network will prioritize procurement, seeking commitments from government and industry to meet its 5 percent Indigenous procurement target. A second focus is ensuring equitable access to broadband connectivity. NACCA wishes to expand its role in national Indigenous business advocacy, creating positive relationships to support Indigenous business. At the same time, it will continue to advocate to remove barriers that impede progress for IFIs. Finally, NACCA will seek to understand and address economic, social, and technological trends together with its partners.

At a planning session held in August 2022, NACCA’s board identified two priority areas of focus: procurement, and advocating to remove barriers that impede progress for IFIs.



Internally within NACCA next year, we will continue to implement updates, changes, and improvements resulting from our recent governance review to prepare for our new tasks – and to be as effective, efficient, and transparent as possible in serving our members. With the investments of Budget 2021, our new Indigenous-led initiatives in early or incubation phases, and the renewal of the AEP, we will need to “catch up to our growth.” While staying true to our roots in serving and advocating for IFIs, we will also need to shift our culture to one for a larger organization, and update some of the tools we are using to administer our programs.

Always higher, always stronger. Over the next 5 years, NACCA’s 2022-27 Strategic Plan will guide our efforts to improve the programs and tools we offer to IFIs and their Indigenous business clients; to build on our mutually respectful relationship with federal partners; and to share the many success stories of our members and the Indigenous entrepreneurs they support.

Building on the network’s achievements and under steady leadership of our Board and CEO, NACCA is confident that we are moving higher and stronger into the future. As ever, we will soar in a way aligned with our roots – oriented by the mission, and values we inherited from the founders of our movement in past generations.

NACCA Board Of Directors

Jean Vincent (re-elected Sept 2021)

Quebec, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, and New Brunswick Region
Chair

Cameron Alexis (to Sept 2021)

Jack Royal (elected Sept 2021)

Alberta Region

Vice-Chair to Sept 2021

Ron Marano

Ontario Region

Secretary

Wayne Flamand

Independent Director

Treasurer

Elaine Chambers

Yukon, Northwest Territories, and Nunavut Region

Director

Carol Johnston

Manitoba Region

Director

Andrew Leach (to Sept 2021)

Keith Matthew (elected Sept 2021)

British Columbia Region

Director

Lucy Pelletier

Saskatchewan Region

Vice-Chair from Sept 2021

Cory McDougall

Independent Director

NACCA Staff

Shannin Metatawabin

Chief Executive Officer

Debbie Leclair

Executive Coordinator

Gerry Huebner

Chief Strategy Officer

Frank Richter

Managing Director, Indigenous Growth Fund

Relay Tangie

Director of Finance

André Jetté

IM/IT and Facilities Manager

Kevin Rose

Interim Program Manager

Kristen Morris

Human Resources Advisor

Mark Dokis

Special Projects

Magnolia Perron

Indigenous Women & Youth Program Team Lead

Sarah MacNeil

Officer, IGF Partnerships & Operations

Stacey Fox

Junior Financial Analyst

Emma Fairbrass

Products & Services Administrator

Marshall Ballard

Products & Services Administrator

Valerie Shecapio

Finance Clerk



NACCA

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION

Annex A

Financial Statements

Year Ended March 31, 2022

**NATIONAL ABORIGINAL
CAPITAL CORPORATIONS ASSOCIATION**

FINANCIAL STATEMENTS

Year ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of the National Aboriginal Capital Corporations Association

Opinion

We have audited the accompanying financial statements of National Aboriginal Capital Corporations Association (NACCA), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, fund balances 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 National Aboriginal Capital Corporations Association (NACCA) as at March 31, 2022, and its results of 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

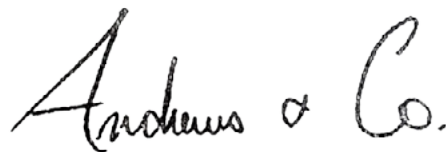
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

INDEPENDENT AUDITOR'S REPORT, 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 association'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 association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association 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.

Ottawa, Ontario
August 25, 2022



**CHARTERED PROFESSIONAL ACCOUNTANTS
PROFESSIONAL CORPORATION
LICENSED PUBLIC ACCOUNTANTS**



Andrews & Co.
Chartered Professional Accountants • Professional Corporation

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2022

	Unrestricted Fund	Internally Restricted Fund	Enhanced Access Fund	ADLA	ABFP	IRP/IGF	IBSP	WES	IWE	WAGE	2022	2021
CURRENT ASSETS												
Cash (Note 18)	\$ 18,439,048	\$ 133	\$ -	\$ -	\$ -	\$ 6	\$ 50,003,888	\$ 5	\$ -	\$ -	\$ 68,443,080	\$ 28,991,770
Funding receivable	5,250	-	-	-	-	-	3,843,119	70,368	-	-	3,918,737	300,471
Short-term investments (Note 5)	-	-	-	-	-	-	-	-	-	-	-	1,867,469
Accounts receivable	273,884	-	-	62,764	971,451	-	233,482	-	-	-	1,541,581	754,216
Advances receivable	-	-	-	-	-	-	199,003	-	-	-	199,003	7,614,717
Loans receivable (Note 3)	-	-	7,241,096	-	-	-	-	-	-	-	7,241,096	7,336,270
Prepaid expenses	280,028	-	-	-	-	-	-	-	-	-	280,028	327,941
	<u>18,998,210</u>	<u>133</u>	<u>7,241,096</u>	<u>62,764</u>	<u>971,451</u>	<u>6</u>	<u>54,279,492</u>	<u>70,373</u>	<u>-</u>	<u>-</u>	<u>81,623,525</u>	<u>47,192,854</u>
LONG-TERM ASSETS												
Capital assets (Note 4)	441,708	-	-	-	-	-	-	-	-	-	441,708	226,822
Long-term investments (Note 5)	-	1,898,201	-	-	-	-	-	-	-	-	1,898,201	-
Emergency loans receivable (Note 6)	-	-	-	-	-	-	91,225,881	-	-	-	91,225,881	97,508,178
Investment in subsidiary company (Note 7)	1,844,660	-	-	-	-	-	-	-	-	-	1,844,660	1,836,591
	<u>2,286,368</u>	<u>1,898,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,225,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,410,450</u>	<u>99,571,591</u>
TOTAL ASSETS	<u>\$ 21,284,578</u>	<u>\$ 1,898,334</u>	<u>\$ 7,241,096</u>	<u>\$ 62,764</u>	<u>\$ 971,451</u>	<u>\$ 6</u>	<u>\$ 145,505,373</u>	<u>\$ 70,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,033,975</u>	<u>\$ 146,764,445</u>
CURRENT LIABILITIES												
Accounts payable and accrued liabilities	\$ 798,456	\$ -	\$ -	\$ 1,933,209	\$ 1,553,622	\$ -	\$ 10,431,891	\$ -	\$ 170,808	\$ -	\$ 14,887,986	\$ 17,712,276
Deferred contributions (Note 10)	2,258,658	-	-	523,096	5,472,585	-	-	-	5,380,367	8,544	13,643,250	9,303,779
IBSP NACCA deferred operating contributions	-	-	-	-	-	-	910,123	-	-	-	910,123	1,093,789
Emergency loan payable (Note 6)	-	-	-	-	-	-	37,686,847	-	-	-	37,686,847	-
Interfund (Note 18)	15,206,808	378,235	(1,644,355)	(2,393,541)	(6,054,756)	6	(2,986)	70,308	(5,551,175)	(8,544)	-	-
	<u>18,263,922</u>	<u>378,235</u>	<u>(1,644,355)</u>	<u>62,764</u>	<u>971,451</u>	<u>6</u>	<u>49,025,875</u>	<u>70,308</u>	<u>-</u>	<u>-</u>	<u>67,128,206</u>	<u>28,109,844</u>
LONG-TERM LIABILITIES												
Emergency loan payable (Note 6)	-	-	-	-	-	-	96,593,299	-	-	-	96,593,299	105,558,953
Unamortized external capital contributions (Note 8)	185,978	-	-	-	-	-	-	-	-	-	185,978	16,956
	<u>185,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,593,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,779,277</u>	<u>105,575,909</u>
TOTAL LIABILITIES	<u>18,449,900</u>	<u>378,235</u>	<u>(1,644,355)</u>	<u>62,764</u>	<u>971,451</u>	<u>6</u>	<u>145,619,174</u>	<u>70,308</u>	<u>-</u>	<u>-</u>	<u>163,907,483</u>	<u>133,685,753</u>
FUND BALANCE	<u>2,834,678</u>	<u>1,520,099</u>	<u>8,885,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,801)</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>13,126,492</u>	<u>13,078,692</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 21,284,578</u>	<u>\$ 1,898,334</u>	<u>\$ 7,241,096</u>	<u>\$ 62,764</u>	<u>\$ 971,451</u>	<u>\$ 6</u>	<u>\$ 145,505,373</u>	<u>\$ 70,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,033,975</u>	<u>\$ 146,764,445</u>

The accompanying notes are an integral part of the financial statements.

Approved:

Director, Jean Vincent uwabin

Director, Wayne J.D. Flamand

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION

STATEMENT OF OPERATIONS

Year ended March 31, 2022

	Unrestricted Fund	Internally Restricted Fund	Enhanced Access Fund	ADLA	ABFP	IRP/IGF	IBSP	WES	IWE	WAGE	2022	2021
REVENUE												
ISC funding	\$ 4,216,499	\$ -	\$ 351,828	\$ 4,976,904	\$ 23,719,104	\$ 530,901	\$ -	\$ -	\$ 2,619,633	\$ -	\$ 36,414,869	\$ 32,007,278
ISC funding - IBSP stimulus	-	-	-	-	-	-	10,416,394	-	-	-	10,416,394	12,737,754
ISC funding - IBSP AFI operating	-	-	-	-	-	-	2,156,083	-	-	-	2,156,083	13,968,917
ISC funding - IBSP NACCA operating	-	-	-	-	-	-	183,666	-	-	-	183,666	706,211
BDC funding	-	-	-	-	-	131,260	-	-	-	-	131,260	-
ESDC funding	-	-	-	-	-	1,146,124	-	-	-	-	1,146,124	1,810,121
FedDev Ontario funding	-	-	-	-	-	-	-	359,641	-	-	359,641	651,108
Amortization of external capital contributions	24,778	-	-	-	-	-	-	-	-	-	24,778	15,894
Conference income	47,069	-	-	-	-	-	-	-	-	-	47,069	-
Interest and other income	116,933	30,732	-	-	-	1,344	58,536	-	-	111,885	319,430	225,575
Membership fees	153,000	-	-	-	-	-	-	-	-	-	153,000	153,000
	<u>4,558,279</u>	<u>30,732</u>	<u>351,828</u>	<u>4,976,904</u>	<u>23,719,104</u>	<u>1,809,629</u>	<u>12,814,679</u>	<u>359,641</u>	<u>2,619,633</u>	<u>111,885</u>	<u>51,352,314</u>	<u>62,275,858</u>
PROGRAM COSTS												
ABFP equity	-	-	-	-	20,237,736	-	-	-	-	-	20,237,736	21,789,809
ABFP operating support cost	-	-	-	-	3,328,343	-	-	-	-	-	3,328,343	3,301,496
ADLA costs	-	-	-	4,976,904	-	-	-	-	-	-	4,976,904	3,783,730
Enhanced access	-	-	351,828	-	-	-	-	-	-	-	351,828	427,529
IBSP stimulus costs	-	-	-	-	-	-	10,530,196	-	-	-	10,530,196	12,737,754
IBSP operating support cost	-	-	-	-	-	-	2,156,083	-	-	-	2,156,083	13,968,917
IRP costs	-	-	-	-	-	962,201	-	-	-	-	962,201	1,413,041
WES costs	-	-	-	-	-	-	-	-	-	-	-	250,156
IWE costs	-	-	-	-	-	-	-	-	2,579,898	-	2,579,898	-
WAGE costs	-	-	-	-	-	-	-	-	-	-	-	-
Interest rate buy down	120,748	-	-	-	-	-	-	-	-	-	120,748	174,957
ACDP costs	914,620	-	-	-	-	-	-	-	-	-	914,620	625,084
Research and program development	689,516	-	-	-	-	-	-	-	-	-	689,516	368,913
	<u>1,724,884</u>	<u>-</u>	<u>351,828</u>	<u>4,976,904</u>	<u>23,566,079</u>	<u>962,201</u>	<u>12,686,279</u>	<u>-</u>	<u>2,579,898</u>	<u>-</u>	<u>46,848,073</u>	<u>58,841,386</u>
	<u>2,833,395</u>	<u>30,732</u>	<u>-</u>	<u>-</u>	<u>153,025</u>	<u>847,428</u>	<u>128,400</u>	<u>359,641</u>	<u>39,735</u>	<u>111,885</u>	<u>4,504,241</u>	<u>3,434,472</u>
EXPENSES												
AEP committee	22,200	-	-	-	-	-	-	-	-	-	22,200	18,087
Advertising and promotion	87,675	-	-	-	-	-	-	15,138	4,514	16,859	124,186	158,464
Amortization (Notes 2 & 4)	42,524	-	-	-	-	-	-	-	-	-	42,524	15,894
Audit and legal	68,287	-	-	-	-	752	7,800	3,030	-	-	79,869	71,715
Bank and processing fees	2,155	-	-	-	-	-	4,504	-	-	-	6,659	7,391
Board (Schedule 1)	106,713	-	-	-	-	-	-	-	-	-	106,713	97,640
Conference	47,069	-	-	-	-	-	-	-	-	-	47,069	-
IT upgrade	48,505	-	-	-	-	-	-	-	-	-	48,505	46,735
Insurance	19,363	-	-	-	-	-	-	-	-	-	19,363	10,270
Office and administration	62,393	-	-	-	-	51,206	13,731	928	-	740	128,998	114,721



NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
STATEMENT OF OPERATIONS
Year ended March 31, 2022

	Unrestricted Fund	Internally Restricted Fund	Enhanced Access Fund	ADLA	ABFP	IRP/IGF	IBSP	WES	IWE	WAGE	2022	2021
Professional fees/consultants	710,638	-	-	-	-	298,211	184,139	107,438	15,036	41,144	1,356,606	1,314,157
Rent	245,759	-	-	-	-	55,890	-	17,642	-	-	319,291	236,931
Staff recruitment and relocation	30,792	-	-	-	-	-	-	-	-	10,914	41,706	767
Staff training and development	20,397	-	-	-	-	-	-	-	-	-	20,397	24,559
Telephone and utilities	31,736	-	-	-	-	382	-	2,220	-	-	34,338	34,799
Translation	8,717	-	-	-	-	1,215	-	2,850	6,425	-	19,207	9,330
Travel and accommodation	18,736	-	-	-	-	-	-	46,368	898	-	66,002	10,605
Wages and benefits (Note 11)	1,355,616	-	-	-	-	439,772	32,027	135,134	12,862	42,228	2,017,639	1,746,374
	<u>2,929,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>847,428</u>	<u>242,201</u>	<u>330,748</u>	<u>39,735</u>	<u>111,885</u>	<u>4,501,272</u>	<u>3,918,439</u>
OTHER INCOME (EXPENSE)												
Income (loss) on investment in subsidiary company (Note 7)	44,831	-	-	-	-	-	-	-	-	-	44,831	(10,515)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (51,049)</u>	<u>\$ 30,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,025</u>	<u>\$ -</u>	<u>\$ (113,801)</u>	<u>\$ 28,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,800</u>	<u>\$ (494,482)</u>

The accompanying notes are an integral part of the financial statements.

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
STATEMENT OF FUNDS BALANCES
Year ended March 31, 2022

	Unrestricted Fund	Internally Restricted Fund	Externally Restricted							2022	2021	
			Enhanced Access Fund	ADLA	ABFP	IRP/IGF	IBSP	WES	IWE			WAGE
BALANCE, BEGINNING OF YEAR	\$ 2,645,727	\$ 1,729,367	\$ 8,885,451	\$ -	\$ (153,025)	\$ -	\$ -	\$ (28,828)	\$ -	\$ -	\$ 13,078,692	\$ 13,573,174
Excess of revenues over expenditures	(51,049)	30,732	-	-	153,025	-	(113,801)	28,893	-	-	47,800	(264,482)
Interfund transfer (Note 9)	240,000	(240,000)	-	-	-	-	-	-	-	-	-	-
BALANCE, ENDING OF YEAR	<u>\$ 2,834,678</u>	<u>\$ 1,520,099</u>	<u>\$ 8,885,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (113,801)</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,126,492</u>	<u>\$ 13,308,692</u>

The accompanying notes are an integral part of the financial statements.

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
STATEMENT OF CASH FLOWS
Year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 47,800	\$ (494,482)
Items not effecting cash		
Amortization	42,524	15,894
Amortization of external capital contributions	(24,778)	(15,894)
Loss (gain) on investment in subsidiary	(44,831)	10,515
Provision for impaired loans	160,888	162,238
Reinvested interest on investments	<u>(30,732)</u>	<u>(49,144)</u>
Total adjustments	<u>103,071</u>	<u>123,609</u>
	150,871	(370,873)
Change in non-cash working capital items		
Prepaid expenses	47,913	(67,476)
Accounts payable and accrued liabilities	3,444,105	13,396,732
Funding receivable	(3,618,266)	247,029
Accounts receivable	(787,365)	170,523
Deferred contributions	4,155,805	6,003,592
IBSP advances receivable	<u>7,415,714</u>	<u>(7,614,717)</u>
	<u>10,808,777</u>	<u>11,764,810</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to capital assets	(257,410)	(213,379)
Deferred capital contribution received	193,800	3,512
(Advance) receipts to (from) subsidiary company	36,762	(1,691,557)
Issuance of new EAF loans	(1,963,253)	(2,841,556)
Repayments of EAF loans	1,897,538	802,122
Issuance of repayable IBSP emergency loans	(11,698,392)	(97,508,178)
Repayments of repayable IBSP emergency loans	<u>17,980,689</u>	<u>-</u>
	<u>6,189,734</u>	<u>(101,449,036)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from IBSP emergency loan program	32,137,000	152,000,000
Non-repayable portion of IBSP emergency loan program	<u>(9,684,201)</u>	<u>(46,441,047)</u>
	<u>22,452,799</u>	<u>105,558,953</u>
INCREASE IN CASH	39,451,310	15,874,727
CASH, BEGINNING OF YEAR	<u>28,991,770</u>	<u>13,117,043</u>
CASH, END OF YEAR	<u>\$ 68,443,080</u>	<u>\$ 28,991,770</u>

The accompanying notes are an integral part of the financial statements.



NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

1. NATURE OF OPERATIONS

National Aboriginal Capital Corporations Association (NACCA), incorporated under the Canada Corporations Act to facilitate the provision of products and services to Aboriginal Financial Institutions (AFIs), is a not-for-profit corporation without share capital and is exempt from taxation under paragraph 149(1)(l) of the Federal Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Fund accounting

The association uses fund accounting for financial reporting purposes.

The Internally Restricted Funds consist of funds received from National Aboriginal Capital Corporations Support Incorporated (NACSI) upon its dissolution. The organization has chosen to internally restrict the funds. Future decisions on the use of the funds will be made by the NACCA Board of Directors. The fund includes internally restricted investments and reports the investment income received on these investments. In late 2019, the NACCA Board of Directors agreed to move ahead with a plan to use a portion of these restricted funds, currently held in GICs, to invest in real estate. This move from GICs to real estate provides the Association and its members with a stronger investment base. In fiscal year 2021, the NACCA Board approved the purchase of an office building in downtown Ottawa within a subsidiary holding corporation (Notes 2(h) and 7).

The Unrestricted Fund accounts for the daily operating activities of the association, the Aboriginal Capacity Development Program (ACDP), the Interest Rate Buy-down Program (IRB) and special projects. The Aboriginal Capacity Development Program (ACDP) builds the capacity of AFIs to deliver better lending services to Aboriginal businesses served. The Interest Rate Buy-Down (IRB) helps lower interest costs related to accessing additional capital. The Unrestricted fund includes the revenue, expenses, assets, liabilities and net assets of the other operations of the association including interest income, membership fees and conference income which is recognized when earned.

The Enhanced Access (EA) loan fund provides 0% interest loans to participating Aboriginal Financial Institutions to fund loan capital to viable, qualified, Aboriginal businesses for areas not serviced by AFIs across Canada. The Enhanced Access Fund reports the revenue, expenses, assets and net assets of the fund's activities.

The Aboriginal Developmental Lending Assistance (ADLA) relates to the association's program destined to enhance the capacity of individual AFI's by contributing funds to alleviate the cost of providing, managing and deploying developmental loans. The ADLA Fund reports the revenue, expenses, assets and net assets of the fund's activities.

The Aboriginal Business Financing Program (ABFP) relates to the association's program destined to increase the number of Aboriginal businesses in Canada by offering non-repayable contributions to eligible Aboriginal entrepreneurs and community-owned Aboriginal businesses. The ABFP Fund reports the revenue, expenses, assets and net assets of the fund's activities.

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The above funds are a suite of products and services under the title of Aboriginal Entrepreneurship Program (AEP) which is funded by Indigenous Services Canada (ISC).

The Investment Readiness Program (IRP) was a pilot program that aimed to promote access to new forms of social finance funding for social purpose organizations. The program is delivered via grants to AFIs to ready them for access to impact investment capital through the Indigenous Growth Fund (IGF). This is funded by Employment and Social Development Canada (ESDC) and the maximum contribution available is \$3.3 million until project completion on June 30, 2021.

The Indigenous Women's Entrepreneurship Initiative is a project aiming to increase the number of Indigenous women engaging in entrepreneurship and business development in Canada. There is three different streams of funding for this program (WES, IWE and WAGE). WES is funded by the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) and the maximum contribution available is \$1.2 million until project completion on March 31, 2023. In the current year, ISC has approved funding of \$22 million, for the next three years, ending March 31, 2024 for IWE. In the current year, Woman and Gender Equality Canada has approved funding of \$560,000, for the next three years, ending March 31, 2024 for WAGE.

The Indigenous Business Stabilization Program (IBSP) relates to the association's program destined to support Indigenous businesses and AFIs impacted by COVID-19. This is funded by ISC. The program consists of the Emergency Loan Program (ELP), the interest relief and contingency fund program:

Emergency Loan Program

To provide Indigenous owned businesses impacted by COVID-19 with interest-free term loans and a non-repayable contribution to support their immediate working capital and operational needs. The program is to be administered by AFIs until 2025.

Interest Relief and Contingency Fund

To provide Aboriginal Financial Institutions (AFIs) with non-repayable contributions to cover their loss on interest income and uncollectible debts.

(b) Revenue recognition

The association follows the restricted fund method of accounting for contributions. The association has ten funds, and revenue recognition is as described in Note 2(a).

Restricted contributions for activities other than through the restricted funds are recognized as revenue of the Unrestricted fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income, other income and conference income is recognized when earned.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis.

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(c) Cash and cash equivalents

Cash and cash equivalents are defined as cash, bank overdrafts, and short term deposits with term maturity of three months or less at the date of purchase.

(d) Financial assets and liabilities

(i) Measurement of financial instruments

The association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the carrying amount or exchange amount, as appropriate.

The association subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable, funding receivable and long term investments. Enhanced access fund loans receivables are carried at the amount disbursed less principal repayments and provisions for loan impairment sufficient to reduce their carrying amount to estimated realizable amounts, which approximate fair value.

Investments in common shares of a controlled subsidiary are recognized using the equity method.

Financial liabilities measured at amortized cost include accounts payable, and accrued liabilities.

(ii) Impairment

For financial assets measured at cost or amortized cost, the association determines whether there are indications of possible impairment. When there is an indication of impairment, and the association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenditures.

(iii) Transaction costs

Transaction costs are recognized in income in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.



NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(e) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. These estimates are based on management's best knowledge of current events and actions that the association may undertake in the future. Actual results could differ from those estimates. Significant estimates include the allowance for impaired loans, amortization of fixed assets and accrued interest on short and long-term investments.

(f) Capital assets

Capital assets, which include computer equipment and furniture and fixtures are amortized over their estimated useful lives according to the straight-line method over a period of 3 years.

Leasehold improvements are amortized using the straight-line basis over the term of the lease.

(g) Allowance for impaired loans

The association maintains a general allowance for impaired loans that reduces the carrying value of the EA receivable portfolio to its estimated realizable value.

The allowance for loan losses is updated annually with estimates prepared by management based on historical loan loss experience in the Enhanced access loan portfolio.

(h) Investment in subsidiary company

The equity method is used to account for the association's investment in its wholly owned subsidiary company. This method of accounting brings into consolidated earnings the company's share in earnings of the subsidiary corporation, which is also added to the carrying value of the investment. The excess of cost over the underlying share of equity in the investment since the date of acquisition is being amortized against the company's share of earnings of the associated corporation.



NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

3. LOANS RECEIVABLE

	2022	2021
Loans receivable	\$ 8,044,425	\$ 8,111,893
Less: Allowance for impaired loans	(803,329)	(775,623)
	\$ 7,241,096	\$ 7,336,270

Enhanced access loans (EA) are made to participating Aboriginal Financial Institutions to fund loans to Aboriginal businesses under the terms of the fund's agreement with the Government of Canada. During the year, the association receives or becomes entitled to funding from the Government of Canada. The association also issues new loans and receives payments from pre-existing loans

The association does not require security from, or charge interest to, participating Aboriginal Financial Institutions who receive EA loans. Loans are due on demand, but participating Aboriginal Financial Institutions are required to repay EA loans when they receive repayment from their clients.

The association also prepares an estimated allowance for impaired loans if deemed necessary, based on historical portfolio performance and specific analysis of each loan.

4. CAPITAL ASSETS

	2022 Cost	2022 Accumulated amortization	2022 Net book value	2021 Net book value
Office equipment	\$ 138,697	\$ 11,534	\$ 127,163	\$ -
Leasehold improvements	273,476	17,747	255,729	209,866
Computer equipment	260,743	201,927	58,816	16,956
	\$ 672,916	\$ 231,208	\$ 441,708	\$ 226,822

5. SHORT TERM AND LONG TERM INVESTMENTS

	2022	2021
Term certificate, maturing May 14, 2026 with an interest rate of 1.50%	\$ 1,873,486	\$ -
Term certificate, maturing May 14, 2021 with an interest rate of 2.70%	-	1,848,733
Accrued interest income receivable	24,715	18,736
Total	\$ 1,898,201	\$ 1,867,469



NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

6. INDIGENOUS BUSINESS STABILIZATION PROGRAM

The IBSP program includes the emergency loan program (ELP) and the interest relief and contingency fund as described in note 2(a).

The ELP program provides Indigenous owned business impacted by COVID-19 with interest-free term loans and a non-repayable contribution to support their immediate working capital and operational needs. As of December 4, 2020, up to \$60,000 is available to small and medium-sized Indigenous businesses:

- an interest-free loan up to \$40,000
- a non-repayable contribution up to \$20,000

This funding is available to businesses in two segments; the first component is \$40,000 with \$10,000 (or 25 percent) being non-repayable (ELP1) and the second component is \$20,000 with \$10,000 (or 50 percent) being non-repayable (ELP2). A business is only eligible for ELP2 funding if they apply for and receive ELP1 funding.

The emergency loan receivable in the accompanying statements represents the repayable loan contribution due from Indigenous owned businesses. These loans are to be paid back by March 31, 2025. Due to the difficulty in estimating the current portion of these loans, the entire balance is displayed as a long term loan receivable in the financial statements.

The emergency loan payable in the accompanying statements represents the repayable contributions received from ISC during the year that will be repayable to ISC as the corresponding loan receivables are collected. These loans are to be paid back by March 31, 2025. Under the terms of the agreement with ISC, any future defaulted loans receivable by the recipient businesses will not be repayable to ISC, contingent every effort was made to collect the loan. This means NACCA's liability of emergency repayable loans to ISC will not exceed the loans and advances receivable from the Indigenous owned businesses.

Furthermore, no allowance for doubtful accounts or impairment has been considered given the terms of agreement explained above. Any defaulted loan receivable will essentially be forgiven by ISC and the applicable asset and liability will decrease by the same dollar amount with no effect to the statement of operations.

During the year, demand for the ELP2 program exceeded demand for the ELP1 program and thus NACCA received approval for \$6,722,891 of ELP1 funds to be used under ELP2. Due to the different non-repayable rates under each program, 25 percent (the non-repayable rate difference under each segment) of this or \$1,680,723 of loan funding was converted to grant funding. This was completed to ensure the non-repayable ratios and terms specified in the agreement were respected. Therefore, as of year end the total repayable portion to ISC is \$128,011,752. Of this \$31,418,453 was paid back to ISC subsequent to year end in May 2022. (\$18,805,182 of which was never used and \$12,613,271 of repayments received from AFIs up until December 31, 2021)

There was also \$6,268,394 owing to ISC at year end of unused non-repayable funding. This was also paid back to ISC subsequent to year end in May 2022.

The non-repayable contributions do not show as revenue or program costs in the statement of operations, due to the nature of the contribution being a flow-through type of contribution that is not repayable and the benefit being directly attributed to the Indigenous businesses. The amounts are disclosed on the following page.

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

6. INDIGENOUS BUSINESS STABILIZATION PROGRAM, CONTINUED

As part of its five year commitment to administer the program, NACCA received \$1,800,000 in fiscal year 2021 to cover the ongoing costs to deliver the program. In the current year \$242,201 of operating costs were incurred and \$910,123 is remaining for future use.

Subsequent to year, it was announced that because Indigenous businesses continue to be impacted by the Covid pandemic, there would be changes to the ELP1 and ELP2 programs in which 50% of the loan portion would now also be forgiven assuming certain criteria have been met. This means that a business who had applied under both programs originally receiving a \$40,000 loan and \$20,000 grant, will now have a \$20,000 loan and \$40,000 grant. See note 16 for further detail.

Below is a breakdown of funds received and expended under this fund:

	<u>2022</u>	<u>2021</u>
Repayable funding - ELP1	\$ 16,871,925	\$ 96,000,000
Repayable funding - ELP2	4,820,550	12,000,000
Non-repayable funding - ELP1	5,623,975	32,000,000
Non-repayable funding - ELP2	4,820,550	12,000,000
AFI interest and contingency fund	3,843,119	19,311,029
AFI operating costs	2,125,000	14,000,000
NACCA operating costs	-	1,800,000

Funding received	<u>\$ 38,105,119</u>	<u>\$ 187,111,029</u>
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	<u>2022</u>	<u>2021</u>
Repayable loans provided - ELP1	\$ 8,398,491	\$ 80,626,084
Repayable loans provided - ELP 2	3,299,902	16,882,094
Non-repayable contributions provided - ELP1	2,799,497	26,875,361
Non-repayable contributions provided - ELP 2	3,299,902	16,882,094
Advances provided to become loans	-	7,614,717
Current year funds remaining	14,339,208	3,119,650
Interest and contingency funds provided	10,530,196	12,737,754
Interest and contingency funds deferred	-	6,573,275
AFI operating costs provided	2,156,083	13,968,917
AFI operating costs to be provided	-	31,083
NACCA operating costs	242,201	719,206
NACCA operating costs deferred	910,123	1,093,789
Fund loss	(113,801)	-
Interest earned on bank account	(58,536)	(12,995)
Deferred funding from prior year used	<u>(7,698,147)</u>	<u>-</u>
Funding disbursements	<u>\$ 38,105,119</u>	<u>\$ 187,111,029</u>



NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

7. INVESTMENT IN SUBSIDIARY COMPANY

On March 10, 2020, a wholly-owned for profit subsidiary: 2747534 Ontario Corporation was incorporated by the association. This for-profit subsidiary is reported as an investment under the equity method in these financial statements. The purpose of the subsidiary is to operate as a real estate holding corporation owning an office building and leasing space to NACCA and other third party tenants. The balance of the investment is made up of expenses and deposits related to the building that were paid by the association on the subsidiary's behalf.

The accounts of 2747534 Ontario Corporation are not consolidated with the association's financial statements. A financial summary of the non-consolidated entity is as follows:

Summarized Statement of Financial Position	2022	2021
Assets		
Total assets	\$ 2,876,192	\$ 2,835,014
Liabilities and net assets		
Total liabilities	2,888,554	2,845,429
Share capital	100	100
Deficiency	(12,462)	(10,515)
Total liabilities and net assets	2,876,192	2,835,014

Summarized Statement of Operations	2022	2021
Total revenues	309,194	207,087
Total expenses	(252,963)	(217,602)
Total income taxes	(29,330)	-
Total refundable dividend tax recovered	17,930	-
Net Profit (Loss)	\$ 44,831	\$ (10,515)

Summarized Statement of Cash Flow	2022	2021
Cash flow from operating activities	158,423	219,013
Cash flow from investing activities	(114,103)	(1,118,687)
Cash flow from financing activities	(20,519)	967,623
Cash, beginning of year	68,049	100
Cash, end of year	91,850	68,049

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

7. INVESTMENT IN SUBSIDIARY COMPANY, CONTINUED

During the year, the association entered into transactions with 2747534 Ontario Corporation. The transactions are as follows:

	<u>2022</u>	<u>2021</u>
Payable to NACCA, beginning of year	1,847,106	155,489
2747534 Ontario Corp. operating expenses paid by NACCA	-	36,762
Cash paid for building purchase by NACCA	-	1,654,855
Repayment by 2747534 Ontario Corp. to NACCA	(36,762)	-
Rent charged to NACCA	309,194	186,253
Rent paid by NACCA	<u>(309,194)</u>	<u>(186,253)</u>
Payable to NACCA, end of year	1,810,344	1,847,106
Net Profit (loss) for the year	44,831	(10,515)
Prior years losses	<u>(10,515)</u>	<u>-</u>
Book value of NACCA investment under equity method	<u><u>1,844,660</u></u>	<u><u>1,836,591</u></u>

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

8. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 16,956	\$ 29,338
Received during the year	193,800	3,512
Recognized during the year	<u>(24,778)</u>	<u>(15,894)</u>
Balance, end of year	<u><u>\$ 185,978</u></u>	<u><u>\$ 16,956</u></u>

9. INTERFUND TRANSFER

During the current year, the board approved a transfer of \$240,000 of internally restricted funds, to the unrestricted fund, to assist with an additional investment in the subsidiary company. The purpose of the additional investment is for ground floor renovations. As of year end the funds had not been transferred but are expected to be transferred subsequent to year end.

10. DEFERRED CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 10,397,568	\$ 4,393,976
Contributions received during the year	54,472,941	67,233,873
Contributions recognized as revenue during the year	<u>(50,317,136)</u>	<u>(61,230,281)</u>
Balance, end of year	<u><u>\$ 14,553,373</u></u>	<u><u>\$ 10,397,568</u></u>

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

10. DEFERRED CONTRIBUTIONS, CONTINUED

Deferred contributions represent amounts received under the funding agreements with ISC that have not yet been spent on operations or programming. At the end of the current year, the amount is \$14,553,373. The following is a breakdown of the deferred contribution balance:

- Unrestricted fund of \$2,258,658 includes:
 - General operations - \$99,151
 - ACDP - \$1,063,554
 - IRB - \$259,252
 - Harvard - \$31,940
 - Harvard (AFI funded) - \$153,500
 - Other Sub-Agreements (Schedule 2)
 - Procurement - \$159,132
 - National Indigenous Economic Strategy - \$101,552
 - Forum - \$68,352
 - Hub - \$66,214
 - Youth partnership - \$36,972
 - Financial literacy game - \$219,039
- IBSP fund of \$910,123 includes:
 - NACCA deferred operating contributions - \$910,123

Under the 5-year agreement with ISC, contributions that are unspent at the end of each fiscal year can be deferred and spent in subsequent fiscal years. Any remaining unspent funds at the end of the five year agreement are repayable under the terms of the agreement. Fiscal year 2022 is the final year under the current agreement, however a new agreement is being negotiated and a two year extension to the current agreement was signed in March 2022.

11. EMPLOYEE BENEFIT PLAN

The association is an employer member of the Native Benefits Plan, which is a multi-employer, defined benefit plan. The Plan is being accounted for as a defined contribution plan since information specific to the association's portion is unavailable. Total cash payments for employee future benefits, consisting of cash contributed by the association to its funded pension plan during the year ended March 31, 2022 were \$158,239 (2021 - \$145,651). This amount is included in wages and benefits on the statement of operations.

12. COMMITMENTS

The association has entered into a lease agreement expiring August 31, 2025 for the rental of office space with annual minimum payments as follow:

2023		\$	256,255
2024			256,255
2025			256,255
2026			106,773
			106,773
		\$	875,538

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

13. ECONOMIC DEPENDENCE

The association derives 96% (2021 - 95%) of its total revenues from a funding agreement with Indigenous Services Canada.

14. CONTINGENCIES

The association has guaranteed a mortgage of 2747534 Ontario Corporation (the related party described in note 7), authorized by a financial institution to a maximum of \$1,000,000 which bears interest at the greater of the Government of Canada 5 year bond yield plus 200 basis points or 2.94% per annum. The association has provided a general security agreement creating a security interest against its present and after-acquired corporate property. As of March 31, 2022 the balance outstanding on the mortgage was \$929,713 (2021 - \$967,623). Covenants are included in the lending agreement and the related party is in compliance as of the year end date.

Certain program revenues of the association are subject to conditions regarding the expenditures of the funds. The association's accounting records are subject to audit by funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Any adjustments to the financial statements as a result of these audits will be recorded in the future period in which they become known.

15. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The association's main financial risk exposure and its financial risk management policies are as follows:

(a) Interest rate risk

The association manages its exposure to interest rate risk through acquiring fixed rate investments. Interest rate risk is the risk that the company has interest rate exposure on its bank account balances and investments. This exposure may have an effect on its earnings in future periods. In the opinion of management the interest rate risk exposure to the company is low.

(b) Credit risk

The financial instruments that potentially expose the association to credit risk are primarily loans receivable. Credit risk relating to loans receivable is generally diversified since the association negotiates with a large number of institutions. The association ensures that its member financial institutions have undertaken appropriate credit investigations into the ultimate loan recipients. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. In the opinion of management the credit risk exposure to the company is low.

(c) Concentration risk

The association's cash is subject to concentration risk because the majority of its cash is held by one financial institution and exceeds the maximum deposit coverage provided by the Canada Deposit Insurance Corporation.



NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

15. FINANCIAL INSTRUMENTS, CONTINUED

There is no significant change in the the risk profile for the financial instruments of the association compared to the prior fiscal year.

16. SUBSEQUENT EVENTS

(a) Indigenous Business Stabilization Program

In response to the COVID-19 crisis, in the prior year the Government of Canada announced a number of emergency relief measures to support businesses across Canada. Working closely with Indigenous Services Canada (ISC), the association developed the Indigenous Business Stabilization Program (IBSP) in the prior year, an initiative to support Indigenous businesses and AFIs impacted by COVID-19 as described in note 2 and 6. The association is responsible for the delivery of the emergency loan program.

The association received \$187 million in 20/21 fiscal year and another \$38 million in 21/22 fiscal year as described in note 6.

Subsequent to year, it was announced that because Indigenous businesses continue to be impacted by the Covid pandemic, there would be changes to the ELP1 and ELP2 programs in which 50% of the loan portion would now also be forgiven assuming certain criteria have been met. This means that a business who had applied under both programs originally receiving a \$40,000 loan and \$20,000 grant, will now have a \$20,000 loan and \$40,000 grant. As this is subsequent to year end, there has been no adjustment in the financial statements to reflect the lower loan receivable and lower loan payable. The association will be working with both ISC and the AFIs in fiscal year 2023 on this stated change.

(b) ISO 9001:2015 Certification

Subsequent to year end the association received the quality management system standard ISO 9001:2015 for the provision of financial assistance programming and advocacy support for the network of Aboriginal Financial Institutions operating in Canada.

17. NEW ENTITIES

During the 2021 fiscal year, two entities were incorporated by NACCA's board. Although there was minimal activity in fiscal year 2022, activity is expected in fiscal year 2023. The purpose of each entity is as follows:

Indigenous Prosperity Foundation

To advance education by developing and delivering courses, training programs and workshops on the subjects of business, entrepreneurship, career options and community economic development for Indigenous people and communities and the general public. In the current year, the foundation has received charitable status recognition with the Canada Revenue Agency.

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2022

17. NEW ENTITIES, CONTINUED

Indigenous Growth Fund Inc.

Will act as the general partner in the newly created Indigenous Growth Fund. It will legally manage the IGF and enter into a service agreement with NACCA to manage the administration of the fund.

The Indigenous Growth Fund (IGF) is a new \$150 million investment fund that will provide access to the capital that Indigenous small- and medium-sized enterprises (SMEs) have long sought and lacked.

The fund's lead investors are the Government of Canada and Business Development Bank of Canada (BDC), with further commitments from Export Development Canada (EDC) and Farm Credit Canada (FCC).

The fund made its first investment in March 2022. Once fully utilized, the fund will increase AFI lending by \$75 million annually with loans to roughly 500 businesses.

18. INTERFUND AND UNRESTRICTED FUND CASH

The purpose of this note is to explain the relation between the interfund account and the excess monies in the unrestricted fund cash account.

The interfund account represent monies payable and receivable from the unrestricted fund to the various other funds including the internally restricted fund and the restricted program funds. The interfund balances in the Enhanced Access Fund, ADLA Fund, ABFP Fund, IWE Fund, and WAGE Fund have arisen due to the fact that these restricted funds do not have individual bank accounts (due to operational efficiencies gained), and thus the majority of the organization's cash is being held in the unrestricted fund bank account. It is important to take this into consideration as it may appear that the unrestricted fund has excess cash when in reality this money is dedicated to these other funds. The amounts due back to the unrestricted fund from the remaining funds have arisen because certain restricted fund expenditures were paid by the unrestricted fund on behalf of those funds.

Below is a breakdown of what is owed to and from the unrestricted fund:

Amounts owed by the unrestricted fund to other funds:

- Enhanced access fund \$1,644,355
- ADLA \$2,393,541
- ABFP \$6,054,756
- IBSP \$2,986
- IWE \$5,551,175
- WAGE \$8,544

Amounts owed to the unrestricted fund by other funds:

- Internally restricted fund \$378,235
- IRP \$6
- WES \$70,308

If the restricted funds had individual bank accounts and the above amounts were settled, the unrestricted fund cash balance would decrease from \$18,439,048 at the end of the fiscal year to \$3,232,240.

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION

Schedule 1 - Board Committees Expenses

Year ended March 31, 2022

(unaudited)

	2022	2021
Honorarium by meeting		
Board of Directors	\$ 35,700	\$ 49,050
Executive Committee	4,750	9,450
Governance Committee	7,000	8,250
Audit and Finance Committee	6,643	11,925
Annual General Meeting	2,650	2,975
General Manager's Meeting	-	1,350
Individual Meetings	11,600	6,925
Other	5,225	1,275
	73,568	91,200
Airfare and Meals	21,402	106
Accommodations	8,831	-
Other	2,911	6,334
	106,713	97,640



NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION
Schedule 2 - Supplementary Information Sub-Agreements
Year ended March 31, 2022
(unaudited)

	AEP Assessment	Procurement FY2021	Procurement FY2022	NIES	Hub	Youth Partnership	Financial Literacy Game	Forum	Indigenous Prosperity Foundation	Total
Funding Received	\$ -	\$ -	\$ 350,000	\$ -	\$ 150,000	\$ 52,500	\$ 312,000	\$ -	\$ -	\$ 864,500
Expenses										
Conference	-	-	-	-	-	-	-	22,069	-	22,069
Office	-	-	-	7,970	-	1,250	-	-	-	9,220
Professional fees/program development	118,084	111,673	87,316	58,884	83,786	-	92,961	-	87,727	640,431
Travel	-	-	-	2,442	-	-	-	-	-	2,442
Wages	-	-	99,151	-	-	14,278	-	-	-	113,429
	118,084	111,673	186,467	69,296	83,786	15,528	92,961	22,069	87,727	787,591
Net activity	(118,084)	(111,673)	163,533	(69,296)	66,214	36,972	219,039	(22,069)	(87,727)	76,909
Deferred Contributions, Beginning	45,945	107,272	-	330,714	-	-	-	90,421	-	574,352
Transfers between programs	72,139	-	-	(159,866)	-	-	-	-	87,727	-
Deferred Contributions, Ending	\$ -	\$ (4,401)	\$ 163,533	\$ 101,552	\$ 66,214	\$ 36,972	\$ 219,039	\$ 68,352	\$ -	\$ 651,261

NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION

Schedule 3 - Supplementary Information IRP/IGF

Year ended March 31, 2022

(unaudited)

	IRP	IGF
Funding Received	\$ 1,146,124	\$ 662,161
Interest Income	1,344	-
	<u>1,147,468</u>	<u>662,161</u>
 Expenses		
Program Costs	\$ 962,201	\$ -
Audit and legal	622	130
Office	-	51,206
Professional fees/consultants	131,711	166,500
Rent	1,890	54,000
Telephone	382	-
Translation	-	1,215
Wages and benefits	50,662	389,110
	<u>1,147,468</u>	<u>662,161</u>
	<u>-</u>	<u>-</u>

