



DIGNITY IS THE KEY

Indian Business Corporation
Social Finance Report / Summer 2022

INDIAN BUSINESS CORPORATION

With 35+ years of making loans to First Nation entrepreneurs in Western Canada, we have witnessed many dignified things that happen when First Nation businesses gain fair access to capital.

IBC'S VISION is that every viable First Nation business in Western Canada has access to the capital they need to launch, maintain or grow their business and in doing so, improve their social and economic circumstances.

IBC RECOGNIZES DIGNITY as the right of all people to be appreciated and respected for their own sake, and to be treated ethically.

IBC BELIEVES THAT ECONOMIC DIGNITY involves those aspects of dignity that link to a person's sense of financial wellbeing.

By providing access to capital with technical and social support, IBC's clients experience greater business success with an increased sense of wellbeing.

Dignity is the Key!

A DIGNITY GAP PERSISTS

After more than two decades in road and bridge construction, Tracy Day Chief with his wife and business partner Beth Day Chief have capitalized millions of dollars in heavy equipment - often with financing from IBC. In the process, the Day Chiefs have created dozens of well paid jobs for indigenous and non-indigenous workers alike. When given the opportunity to help construct Calgary's Springbank Off-Stream Reservoir, Tracy was forced to put up financial guarantees that far exceeded those of his non-indigenous colleagues. This is a simple example of how an economic dignity gap persists among indigenous business owners seeking to compete on a level playing field.



JACK ROYAL

Chairman, Indian Business Corporation
Siksika Nation, Alberta

A photograph of Jack Royal, Chairman of Indian Business Corporation, standing in a vast, green field under a cloudy sky. He is wearing a dark jacket and blue jeans. In the foreground, there are several overlapping circular patterns in shades of red, orange, and yellow, resembling traditional Indigenous art.

IBC is an important tool - helping Alberta First Nation small business owners achieve economic dignity.”

DIGNITY

IBC applies a wide lens when assessing what each IBC client needs to thrive and succeed. Each person has different circumstances. We allocate resources as needed for each client to experience equity in the support they receive from IBC.

“We call them rez skills. The team at IBC has a good grip on that.”

“First Nation people face barriers to securing any kind of financing whether it’s for a home or business,” says Jack Royal, chairman of Indian Business Corporation board of directors. “I know this story well. We went to a big bank to arrange a mortgage and were told we had no security, that we needed a band council resolution and, according to the Indian act, we needed a written guarantee from a bureaucrat in Ottawa. These hurdles are just unreasonable and impractical when you consider the state of housing on most reserves. There certainly isn’t much dignity in such a process.”

Long before Jack Royal joined the IBC board of directors, he and his family had been ranching for several generations on Siksika Nation an hour East of Calgary. Like many ranchers, the business faces seasonal cash flow challenges. “It was a real hassle working with a conventional bank because

their service was so geared to the mainstream and not First Nation business owners.” says Jack. “Then we heard about Indian Business Corporation. We heard IBC was First Nation owned, that they had a reputation for understanding the dynamics of a First Nation business and for taking into account each borrower’s situation.”

“My experience as an IBC customer put me on a sound footing to thrive as a rancher. It was also the beginning of a long term relationship. Eventually I was invited to join the board of directors where I have served for XX years. In 20XX? I accepted the role as chair of the IBC Board of Directors. This position is both an honour and a big responsibility to ensure IBC achieves its vision: that every viable First Nation business in Western Canada has access to the capital they need for their business to thrive.”

“So many First Nation people have suffered horrific experiences related to colonialism, residential schools and the 60’s scoop - either directly or intergenerationally. We are beginning to understand and accommodate the trauma that goes along with those experiences. IBC’s leadership has both technical and intrinsic skills based on their own lived experience to help their customers overcome challenges. Everyone at IBC is practical and has common sense. When you consider it took hundreds of years to build mainstream institutions, like banking, First Nation institutions are just getting these things figured out now. Organizations like IBC are assisting in getting us there. Call it reconciliation, call it healing, whatever - our path to prosperity involves awareness, education, understanding, ownership, and the right tools. IBC is one of those important tools - helping Alberta First Nation small business owners experience economic dignity.”

Dignity involves

CHOICE

Financial systems that treat people with little or no regard for their personal agency to make life choices are harmful to their dignity. IBC believes treating people with economic dignity improves their financial capabilities and expands the choices they can make in terms of their economic well being.

“Our experience at the bank: there’s a general bias against small business and a clear ignorance about Indigenous business - even when we’re profitable!”

Between them, Kara and Stephen Potts hold graduate degrees and professional designations. They share six children and a seventh foster child. In 2018, when the Potts moved from Fort Belknap, Montana (Kara’s home) to Steve’s home on Picani First Nation in Southern Alberta, they were approached by the Nation with a painting contract. Both Kara and Steve had been painters in previous lives so they took the work and over the last 3 years have painted more than 30 homes on the reserve as well as several commercial properties. And the work keeps coming! They also started side hustles - a coffee shop on wheels and an industrial cleaning service. 2021 was insanely busy.

“When people find out we are good and reliable, that we have a business license, insurance and workers compensation they want to hire us, and that’s good.”

What’s not so good is managing cash flow. Potts Painting like most small contractors has to fund its operations - pay wages, materials, transportation costs etc - usually on a cash basis while contracts often don’t pay for 90 days.

“We were offered a big painting job and our bank wouldn’t extend the \$10,000 line of credit we needed to buy supplies and pay our team for 90 days before we got paid.” says Kara. “Even though our credit score was good and we have a history of steady income, we were declined. This is the same bank that boasted having an Indigenous business focus but couldn’t read our tax return showing significant income earned on reserve. To make matters worse, the bank kept us on the hook for 2 months before they turned us down. It was very frustrating - definitely made you feel disrespected - the opposite of dignity.”

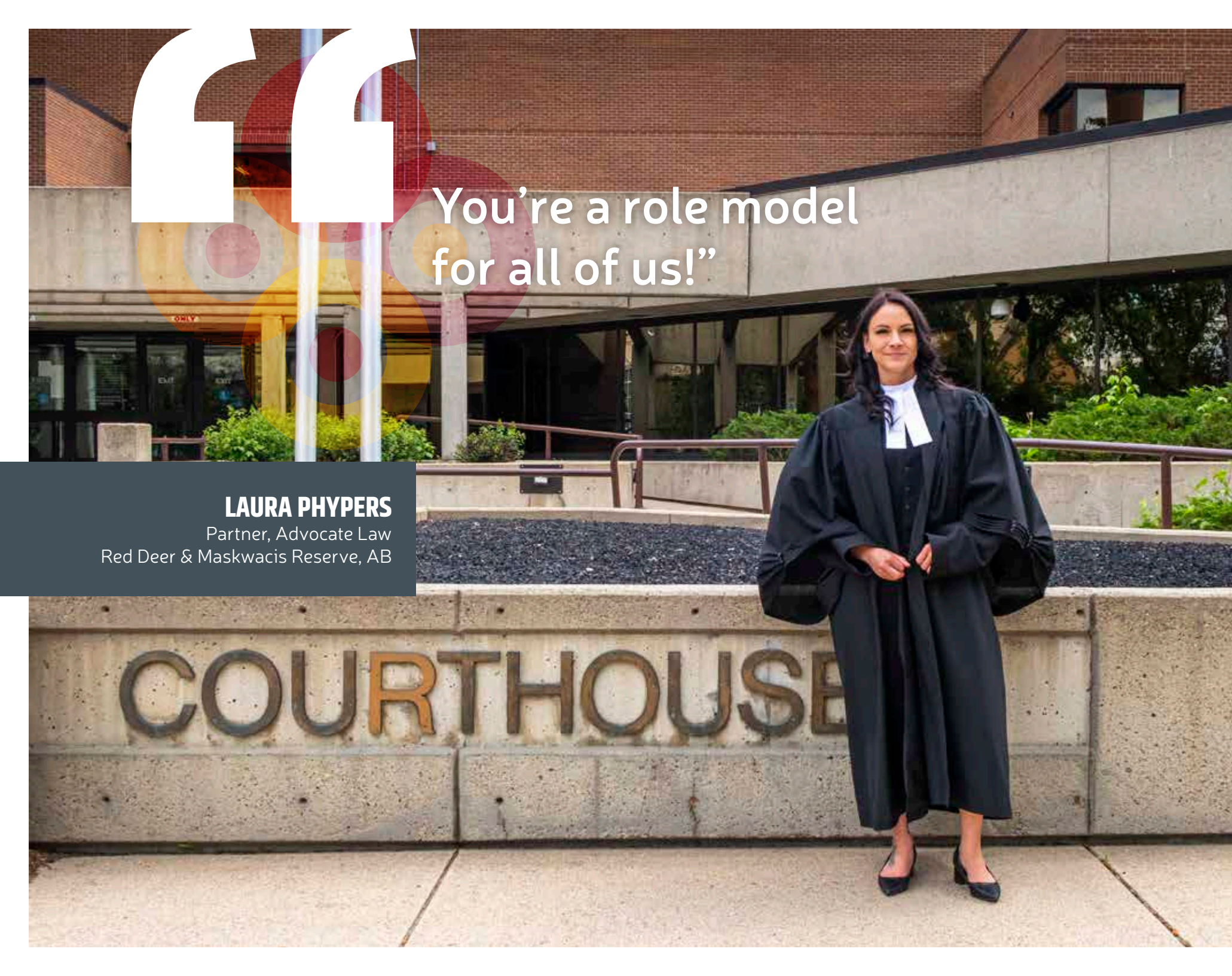
Potts Painting had no other credit options and risked losing the work when they found out about IBC. “We negotiated the loan we needed with IBC over the phone,” explains Kara. “What a difference it is to be treated with dignity in financial matters.”

Potts Painting generally has two other painters from Picani First Nation busy on their projects. “We face a labour challenge,” explains Kara. Transportation is a big issue when you live as rurally as we do. And some folks don’t have the same level of commitment to working hard every day. Fortunately our older children are entering the picture to help with our cleaning and coffee businesses.”



STEVE & KARA POTTS
Potts Painting
Lethbridge

“What a difference it is to experience economic dignity...”



You're a role model
for all of us!"

LAURA PHYPERS

Partner, Advocate Law
Red Deer & Maskwacis Reserve, AB

Dignity demands

REPRESENTATION

IBC believes access to fair finance with business and social support helps level the playing field and opens doors for First Nation entrepreneurs - just as those who have come before us have done. Representation means aspiring entrepreneurs see themselves represented in the world of professions, business and finance. Representation opens up a world of possibility and allows people to contemplate taking a risk on a business idea.

"I was drawn to criminal law because of my experience growing up in poverty and out of recognition that Indigenous people are over-incarcerated and under-represented in Canada," says Phypers.

In 2020, after seven years of school, Laura Phypers was called to the Alberta Bar as a criminal defense lawyer. After that, she took another bold step by contacting IBC for a small business loan that allowed her to purchase a law practice on the Maskwacis Reserve north East of Red Deer.

"At age 14 I was on my own and paying rent," says Phyper. "I managed to graduate from high school and thankfully there was Doris, my guidance counselor, also a First Nation person. At 17 I jumped a bus to Lethbridge AB with 200 bucks and a garbage bag with all my possessions. I was lucky to find a safe place to live and I landed a job which gave me steady employment and some stability."

Becoming pregnant tipped Laura's decision to go to school when she realized she didn't want to live paycheck to paycheck. "A baby was coming, I was alone and I realized I wanted something different, bigger. I wanted some choices in my life. My life might have been completely different because of the barriers I faced as a young, Indigenous woman, a single mother to say nothing of the stereotype I've faced since I was a child when we were considered dirty Indians."

Phyper's next move was to partner with her brother Andrew (already a criminal lawyer). "When it came time to build a business, I knew I wouldn't get approved at a typical bank," recalls Phyper. "When you're in survival mode you're not concerned with your credit score and the fact is - despite my academic achievements, my vision and work ethic, I would not have been considered credit-worthy by a big bank."

IBC on the other hand pays attention to things like character, ability and opportunity. "IBC's ability to finance First Nation entrepreneurs based on other factors like character, hard work and opportunity - not just a credit score - has played a major role Phyper's success."

"With IBC's help I joined my brother to form Advocate Law. We're based in Red Deer AB with three partners, eight associate lawyers, and xx staff members," says Phyper. "And, IBC keeps in touch. I send financial reports and they keep tabs to ensure I'm able to pay down my loan. It's a practical and reciprocal arrangement and I feel very well supported. IBC levels the playing field for its customers and treats them with dignity and respect."

"You don't know that you're going to have an impact on others. I was pregnant and I needed to do something for myself. Against all odds, I made it into law school and thanks to IBC I turned my degree into a thriving criminal law practice."

Dignity demands

EQUALITY

In the face of widespread inequality for First Nation people, IBC recognizes its role to challenge systems and attitudes and to build a finance institution that helps its customers realize their full rights and achieve equality.

“My Grandfather broke the farm land I grew up on. So when it came time to decide my own path, it was pretty clear I was going to farm.”

Cyrus Weasel Fat is a third generation farmer from Kainai Nation in Southern AB. He’s a man on the move with about 800 acres in Hay, a soil science diploma , a B.Sc. in agriculture and a PAg certification (professional agrologist).

Weasel Fat is also in the process of launching Kainai Ag Services (KAS) based on the Blood Reserve, west of Lethbridge. “KAS is going to provide agricultural services across Southern Alberta - everything from crop inputs to agronomy advice to custom services and more.” I recognize how intensive agriculture is in our region and I’m committed to improving land management and to soil remediation. It’s essential”, says Weasel Fat.

“At heart I’m a hay farmer,” he says. “And we ship our bales internationally - mostly to Pacific Rim countries who want timothy grass for the high sugar and energy values to feed their dairy industry. Our

territory is perfect for timothy grass, which grows best at high altitudes like in the foothills of the Rocky Mountains.”

While land farmed by the Weasel Fat and his family is theirs to work on, build on, even pass on to the next generation, “...because you can’t buy or sell it, banks won’t look at you when it comes to financing farm buildings or machinery - you have no collateral,” he explains. “Farming is already challenging - weather, volatile pricing for crops and for inputs. We have all the problems of an international business, clients on the Pacific Rim, global disruptions to our supply chain, etc. and yet - when it comes to business financing, there’s a real lack of understanding at the big banks. For First Nation Farmers, it’s not a level playing field!”

This is why IBC is so important. “They helped us finance a large shed for our hay and an irrigation pivot - both essential for our business. We had no other option because we couldn’t meet mainstream security requirements. IBC on the other hand understands how things work for farmers living on reserve. They helped us develop our business plan and even found a grant worth 25% of the total cost.”

And now Weasel Fat’s son Max is taking on more responsibility for their hay operations allowing his father to focus on building Kainai Ag Services. “There is a growing number of future agronomists coming up behind me with diplomas and degrees in agriculture. I hope to take on some of these apprentices so they can achieve their PAg designation while working at KAS”, says Weasel Fat.




It’s not a level playing field

CYRUS WEASEL FAT
Rancher, Kainai Ag Services
Kainai, Alberta

SHAWN MANKOWSKE

VHF Coffee
Calgary, Alberta



It's a paradigm shift back to indigenous culture - where people support each other..."

Dignity is built on

EQUITY

IBC applies an intersectional lens when assessing what will help each IBC client to thrive and succeed. Each person has different circumstances. We allocate resources as needed for each client to experience equity in the support they receive from IBC

"For my generation the biggest challenge will be moving from renting to owning. It feels like we're forever paying into a system we didn't design."

Shawn Mankowske is from Kwamlin'dun First Nation near Whitehorse, YT. In 2015 he began an industrial design degree at OCAD in Toronto but, "...I decided Toronto wasn't for me and I finished my degree at ACAD in Calgary," says Mankowske. I knew I wanted to combine my training in design with my interest in green tech and sustainability."

Mankowske's solution to building assets and a life worth living were both found in VHF Coffee - a bespoke espresso coffee truck that can operate off grid. "I knew what I wanted to do," says Mankowske. "Bring Calgarians premium espresso drinks that are sustainably sourced, locally roasted and delivered right in their community. The challenge initially was all financial."

"There's a lot of funding programs targeting young Indigenous entrepreneurs right now," he explains. Making sense of these programs is super challenging but IBC cut through the red tape and helped me

secure a grant for 40% of the project cost and a business loan to turn my idea for VHF Coffee into reality. Other funders were disorganized and didn't have the answers to my questions. IBC was just better than the rest - they made time for me, went out of their way to see that I was successful getting financing and successful in launching my business."

Financing from a regular bank wasn't an option for Mankowske. "You need to have assets in place to secure a loan," he says. It's a systemic problem for my generation. There's a generational wealth gap and many of us can't contemplate the risk associated with starting a business. And the banks don't care! At IBC it's a different story."

Once his prototype VHF Coffee vehicle proves successful, Shawn plans to expand to five off grid coffee vans over the next five years. "I'd like to be more centralized," says Mankowske, "with space for roasting and room to develop our technology so we are less carbon based. Each van is designed for 2 people - so I can imagine 10 people working in the vans with another 3 - 4 people helping with design, marketing and finance."

"I'm interested in building a social enterprise that provides good jobs and offers hands-on experience designing, building, engineering, roasting, barista-ing - fostering shared interest and values - sort of what indigenous society has traditionally been about: communalism, people interacting, building and growing together. It's a paradigm shift back to indigenous culture - where people support each other and workers experience equity."

LEARNING FROM CHALLENGE

“The last three years have been a test of our skills and our commitment,” says Rob Rollingson, general manager at IBC. “As a team I would say the pandemic gave us the opportunity to improve our skills and build our capacity to process loans, meet and support customers, assess their eligibility, conduct due diligence, and provide more supports. We’re better at our jobs.”

COVID-19 brought major disruption to IBC. During the height of the pandemic many customer businesses closed in bankruptcy and many of those customers defaulted on their loans. At the height of wave 1 of the pandemic, IBC closed its office for 2 months. All staff worked from home. Demand for IBC loans dried up and IBC’s cash flow suffered significantly. COVID-19 almost delivered a fatal knockout punch. If it was not for the opportunity to administer the Federal Emergency Loan Program (ELP) IBC would have suffered greatly.

To put IBC’s ELP lending activities into perspective:

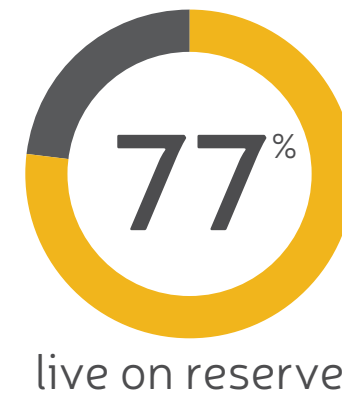
- IBC was founded in 1987. After 33 years (January 2020), IBC had ~350 loan active customers with ~\$16M in loans.
- The COVID-19 crisis (March 2020) triggered the Federal ELP program.
- Between June 2020 & March 2021 IBC made 525 loans valued at \$16 M, nearly tripling its customer base and doubling its loans under management in under 12 months.

The ELP program provided a lifeline to the IBC, nearly tripling its customer base in 12 months and keeping its employees active and employed. The IBC team made more than 500 COVID-19 Emergency Loans between June 2020 - March 2021 through the Emergency Loan Program. This resulted in many new customers who previously were unaware of IBC - 59.85% of ELP clients had never borrowed from IBC before.

IBC gained business insight into the resilience of customers from different sectors emerging from the pandemic allowing more targeted after care of loan customers. The team greatly increased its capacity to process loans, solve problems and to be effective working remotely. The rollout of a new loan management database increased IBC’s capacity for data management to support decision making and program improvements. The ELP program ultimately helped keep many Indigenous businesses afloat.

IBC WOMEN’S LOAN FUND

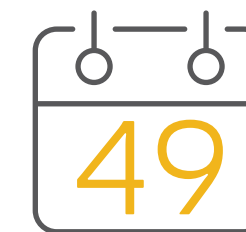
Current fund value
\$5 Million



1/3 of IBC customers are
WOMEN

70 small business loans averaging
\$110,000

Indigenous Business Women by Sector (Top Five)
Agriculture
Energy
Equipment
Retail
Construction



the average age of IBC Women’s Loan Fund customers

Since 2009, Indigenous Business Women have created **JOBS**

68 full-time and
46 part-time

Maintained

94
existing **JOBS**



CLOSING THE DIGNITY GAP

ROB ROLLINGSON

General Manager, Indian Business Corporation
Calgary, Alberta



“Wealth redistribution alone is not sufficient to lift the less fortunate. Until we learn how to transfer dignity, we will continue see problems.”

HOW CHANGE HAPPENS

Challenges First Nation entrepreneurs have technical expertise, opportunities and community support yet they face a lack of access to capital, appropriate business financing and other services.

Remedies IBC provides access to social and financial capital and other support necessary for First Nation Entrepreneurs (on or off reserve) to risk launching, maintaining or scaling a business while successfully managing business debt.

Outcomes IBC clients increase their business and financial knowledge. Their companies grow and thrive. There is an increase in decent work within families and communities as well as an increase in clients' household income. IBC clients experience increased levels of economic dignity and financial wellbeing.

In the 15 years I've been the general Manager at IBC, I've witnessed again and again the good things that happen when First Nation entrepreneurs get the finance and the support they need to start or grow a business. In the last 10 years that we've looked at the social and economic impact of our lending, we've learned that household income is the number one determinant of health for individuals and their families. Income leads to better health, education, housing and nutrition for individuals, families and communities.

The COVID-19 pandemic was a game changer for IBC and our customers. The Federal Government entrusted us with an Emergency Loan Program amounting to nearly \$20 Million dollars in new loans issued in a very short period of time. The intensity of this experience caused us to reflect on our work - both our successes and our challenges. One factor stood out above all others in terms of the success of our clients: the extent to which they feel they've been met with dignity.

As we move toward the post-pandemic time, IBC has chosen economic dignity as its guiding principle - steering our efforts as a lending institution forward. We understand that economic dignity involves four key ingredients: our customers have choices in their lives; they see themselves represented in the world around them; they experience less inequality as they pursue their business goals; and, they experience equity through the additional support we provide along with the loans we make. **To the extent there is a dignity gap between mainstream Canada and First Nation people, IBC is in the business of closing that gap.**

INVESTING IN ECONOMIC DIGNITY

KIWETINOHK

CEO, Indian Business Corporation
Calgary, Alberta



Kiwetinohk is an Alberta-based energy transition company that aspires to be a Canadian leader in the global transition to low carbon energy. Kiwetinohk operates in the belief that businesses must be sustainable to be profitable and profitable to be sustainable.

“Our name means North in Cree,” says Kiwetinohk CEO, Pat Carlson. “Our name was given to us by Indigenous friends to reflect the value we place on the natural environment. By taking a Cree name we are recognizing the important role Indigenous people play in the territories where we operate.”

In support of the Truth and Reconciliations Commission’s Corporate Call to Action 92 (iii), Kiwetinohk has committed \$100,000 to establish a new small business loan fund with IBC. The fund will provide loans up to \$5,000 for small businesses working in the territories where we operate.

“Our company is made up of a diverse group of individuals, some with experience in small business start ups,” says Sue Kuethe, Kiwetinohk’s community inclusion officer. “We are hopeful that the loan fund will help us build relationships with community members and possibly engage our team to connect and provide additional support in whatever way makes sense.”

IBC Social Impact Investors





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