



Indian and Northern  
Affairs Canada

Affaires indiennes  
et du Nord Canada

# Aboriginal Business Canada & YOU

Working with you to succeed

A decorative graphic on the right side of the page, featuring a large yellow circle and several overlapping blue and white curved shapes.

Canada

Published under the authority of the Minister of Indian Affairs and  
Northern Development and Federal Interlocutor for Métis and  
Non-Status Indians Ottawa, 2009

**[www.ainc-inac.gc.ca](http://www.ainc-inac.gc.ca)**

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QS-6223-010-EE-A1

Catalogue: R2-475/1-2009E-PDF

ISBN:978-1-100-11891-8

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## ABOUT US

Aboriginal Business Canada is a program of Indian and Northern Affairs Canada (INAC). Working with clients and partners, we provide a range of services and support that is helping to promote the growth of a strong Aboriginal business sector in Canada. Our support varies depending upon the needs of the client, the availability, and sources of funding, the eligibility of costs, the economic benefits, and the reasonableness and timing of financial returns on investment.

*Working with clients and partners, we provide a range of services and support that is helping to promote the growth of a strong Aboriginal business sector in Canada.*

### **We can:**

- Help you determine whether your proposed project is eligible for Aboriginal Business Canada assistance before you submit an application.
- Help you develop your business plan by providing you with advice as well as financial support.
- Help you access the lenders you will need for the commercial financing requirements of your business. This may include referring you to an Aboriginal Financial Institution.
- Provide financial assistance, most often in the form of a non-repayable contribution.
- Provide advice and financial assistance to facilitate business partnerships.
- Provide financing towards eligible costs of management training and for business advisors, once your business is operating.
- Provide financial assistance for conferences and workshops.

This publication provides a step-by-step description of what's involved when you apply for assistance for your business proposal.



*A successful application requires a balanced financial package, involving debt financing from other sources and a minimum level of your own equity.*



### **Are you eligible?**

Clients must be individuals of Canadian Aboriginal heritage — Status or Non-status Indian (on or off-reserve), Métis or Inuit — or a majority-owned Aboriginal business, financial organization, or development corporation.

To be eligible for support, you should also be involved full-time with the proposed business in a management capacity and must be able to provide some level of cash equity to support the project.

### **What kind of support can the Program provide you?**

Many Aboriginal entrepreneurs and communities can qualify for business development support. Depending on the nature of your project, you may be able to obtain funding to assist with a wide range of activities, including:

- business planning.
- establishment (capital) costs.
- business acquisitions.
- business expansions.
- marketing initiatives that are local, domestic, or export oriented.
- new product or process development.
- adding technology to improve operations and competitiveness.
- operating costs in association with capital costs.
- financial services, business support, business-related training, and mentoring services.

### **How much funding is available?**

Individual Aboriginal entrepreneurs may receive up to \$99,999 in funding assistance. For community-owned businesses, this assistance can be up to \$1 million. The level of support for

your business project will depend on a number of factors that you will need to discuss with your Aboriginal Business Canada Development Officer.

Requests for financial support are assessed on each project’s viability and merits. Factors include the scope of the project, the need for financing, and whether other sources of financing are available — including funds received from other government departments and agencies. A successful application requires a balanced financial package, involving debt financing from other sources and a minimum level of your own cash equity.

The minimum level of equity for each project depends on the following factors:

- For youth applicants (over 18 and under 36), the minimum cash equity requirement is 10 percent of eligible capital costs.
- For applicants who are 36 years of age or older, the minimum cash equity requirement is 15 percent of eligible capital costs.

- For applicants applying as a legal entity, the minimum cash equity requirement is 15 percent of eligible capital costs.

Non-commercial projects that promote Aboriginal entrepreneurship such as conferences, special events, and research may qualify for contributions to defray up to 100 percent of costs.

The level of support for your business project depends on a number of factors, which your Development Officer will discuss with you. While there are ceilings for the average contributions offered, the actual investment from INAC will be limited to what is required to ensure your project proceeds and is viable. The following table illustrates typical contribution levels for various costs. These will depend upon need. Talk to your Development Officer about inventory and operating costs.

PROJECT COST	TYPICAL CONTRIBUTION LEVEL
Developing business plans, marketing plans or feasibility studies	Up to 75%
Establishing a business or acquiring information technology	Between 30% to 50%
Expanding/acquiring a profitable business or developing new products, services or production processes	Between 30% to 50%
Implementing marketing initiatives	Up to 60%
Project-related management	75%
Accounting and professional business advice after you start your business	75%

The vast majority of Aboriginal Business Canada contributions are made to small and medium-sized businesses and are in the form of non-repayable contributions.

In the case of larger, community-based projects, other conditions will be taken into account in order to determine contribution levels and repayments.

#### **What is available for advocacy initiatives?**

Financial support may be available if your Aboriginal organization is seeking support for activities designed to improve the business climate for Aboriginal firms in Canada. Suitable activities include:

- Organization or coordination of business-specific conferences, trade shows, or other events or initiatives.

- Private-sector-led development of economic research, sector information and analysis, or other material which increases the data available regarding progress of Aboriginal businesses in Canada.

These activities must result in widespread benefits, not in financial benefits for the applicant. The results of the initiative are expected to be shared in some way — such as through published or on-line reports. It should be noted that for these types of projects, the applicant equity requirement may be waived.

Before you talk to a Development Officer about your specific proposal, you should review our published materials in order to answer your initial questions.

## HOW TO APPLY

Applying to Aboriginal Business Canada for financial assistance for your business is a three-step process.

### Step One:

Check our Web site at:

<http://www.ainc-inac.gc.ca/eac-abc>

### To be eligible:

- You must demonstrate Aboriginal heritage.
- Have a balanced financial package (involving debt financing from other sources, as well as your own equity).

*...you may be eligible for support, submit a completed application form (also referred to as a Business Proposal). A Business Proposal is included with this brochure.*

- Have a viable business opportunity and experience in your sector.

Additional requirements may also apply. These are explained in our policies and guidelines which are available from your Development Officer.

### Step Two:

Contact the INAC Aboriginal Business Canada office nearest you (see the listing on page 6) to discuss your project with a Development Officer. The Development Officer will provide further clarifications on eligibility requirements and will be your ongoing contact person.

### Step Three:

If you think you may be eligible for support, submit a completed application form (also referred to as a Business Proposal). A Business Proposal is included with this brochure. You can also download a copy from our website, or you can request a form from our office nearest you.

A Development Officer will review your application and present it to a screening committee. If you are eligible for support, you will then be asked to submit a business plan to determine the viability of your business venture.

The time needed to process your application for support will depend on the complexity of your project. Your Development Officer will discuss the timelines when you apply.



## HOW TO CONTACT US

*When you first contact us about your business idea, you are beginning an ongoing working relationship.*



If you require assistance at any stage in the development of your business proposal, please contact your local INAC Aboriginal Business Canada office. You can inquire about our services on-line or by phone, using the numbers listed below:

<b>Halifax</b>	<b>(902) 426-2018</b>
<b>Montréal</b>	<b>(514) 283-1828</b>
<b>Toronto</b>	<b>(416) 973-8800</b>
<b>Ohsweken</b>	<b>(519) 445-0470</b>
<b>London</b>	<b>(519) 680-2843</b>
<b>Winnipeg</b>	<b>(204) 983-7316</b>
<b>Saskatoon</b>	<b>(306) 975-4329</b>
<b>Edmonton</b>	<b>(780) 495-2954</b>
<b>Calgary</b>	<b>(403) 292-8807</b>
<b>Vancouver</b>	<b>(604) 666-3871</b>
<b>Yellowknife</b>	<b>(867) 669-2624</b>

You can also request assistance through one of our External Delivery or Alternate Service Delivery Organizations. For a list of these, please visit: <http://www.ainc-inac.gc.ca/eac-abc> or call the nearest ABC office for contact information.

Your inquiry will be directed to a Development Officer who serves your particular geographic location, or an officer in an External Delivery or Alternate Service Delivery Organization in your area.

Remember, the Development Officer is your ongoing point of contact with Aboriginal Business Canada. This person is responsible for assisting you through each phase of the financial support process. The Development Officer can provide you information on:

- INAC's support under the ABC program, and how to apply.
- Your eligibility and that of your business venture to receive financial support.
- What personal financial resources you will need before you are eligible to receive support.
- What kind of business experience we expect you to have.
- Other funding and information sources, as well as individuals, groups, and organizations that may assist you in planning and implementing your business venture.
- How to apply for financial support.

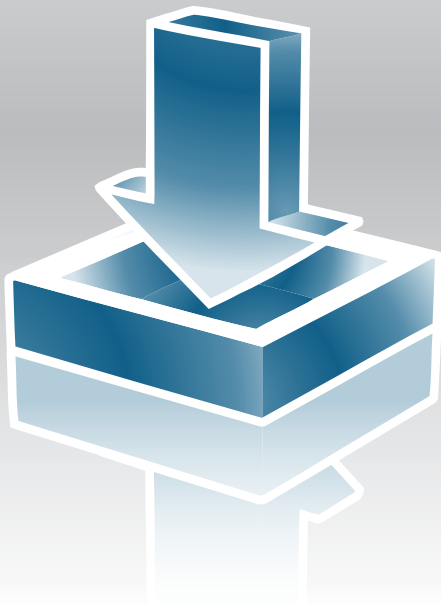
When you first contact us about your business idea, you are beginning an ongoing working relationship. Be sure to give us your complete contact information so we can reach you. You can ask our representative to contact you by telephone, fax, e-mail or by regular mail. Once you initiate an inquiry to Aboriginal Business Canada, a Development Officer will call you.

Remember, you should not proceed with any purchases for your project prior to receiving your Letter of Offer from Indian and Northern Affairs Canada. **Any costs for which you have made a legal commitment prior to project approval will not be eligible for support.**

## HOW TO SUBMIT A BUSINESS PROPOSAL

The Business Proposal is a short outline of your proposed business venture. This form provides your Development Officer with the necessary information to assess your basic eligibility for financial support under Aboriginal Business Canada guidelines. You can use the Business Proposal form included with this brochure, download a copy at: <http://www.ainc-inac.gc.ca/eac-abc> or request a form from the ABC office nearest you. If you need assistance completing the form, please contact a Development Officer.

*...the necessary information to assess your basic eligibility for financial support under Aboriginal Business Canada guidelines.*



Along with the Business Proposal, you must also provide your Development Officer with the following information about each of the principal owners of the company:

- Evidence of Aboriginal ancestry.
- Evidence of sufficient personal financial cash resources to undertake the project you are proposing — 10 percent for youth applicants or 15 percent for applicants 36 years or older (See page 3).
- A résumé that highlights experience, training, and/or education related to your business activity.
- A copy of recent financial statements (up to three years, if available) for existing businesses.
- A commitment that you will have substantial involvement with the proposed business in a management capacity.

When you submit a completed Business Proposal form, your Development Officer will review it. He or she may ask you to provide additional information, or may request clarification of the information you submitted.

## DETERMINING ELIGIBILITY

Once your Development Officer has received all of your information and clearly understands your plans, he or she will present your business proposal form to a screening committee. This process helps to ensure that all projects are handled consistently on a project-by-project basis across regions.

Eligibility is evaluated using the following considerations.

### **Applicant eligibility:**

- Is the applicant of Canadian Aboriginal descent?
- Does the applicant have the financial resources to undertake the business venture proposed?

Note: A credit check will be completed at this stage to determine your ability to access other forms of financing.

### **Business project eligibility:**

- Does the proposed management team have the skills required to undertake the project as described?
- Will the client be involved full-time with the proposed business in a management capacity?
- Does the business idea make sense? For example, is there a good market opportunity? Does the proposal have a reasonable approach for reaching the market? Do the potential profits provide a sufficient return-on-investment?

A number of other policies and guidelines pertaining to specific situations may have an impact on a project's eligibility for support. Ask your Development Officer about these policies and guidelines.

After your proposal has been reviewed by the screening committee, your Development Officer will contact you with one of the following responses:

- a request for further information for re-screening the project.
- a request to submit a complete business and/or marketing plan.
- a request to submit third-party proposals to complete your business and/or marketing plan
- a notification that we will proceed with the assessment of your business plan.
- a notification that your application did not meet Aboriginal Business Canada program investment requirements, and was not approved for funding.

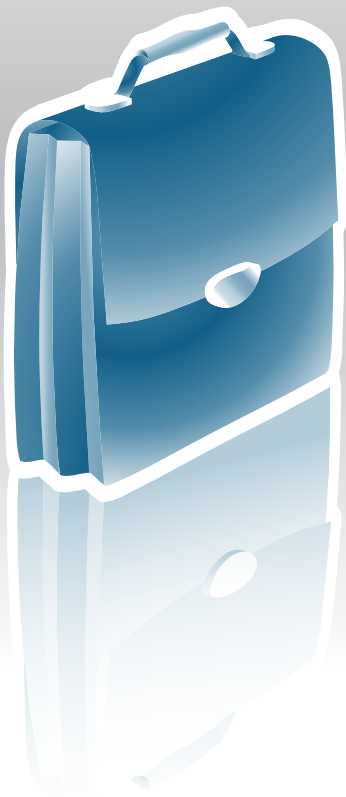
If your application is determined to be eligible, the Development Officer will inform you. A follow-up letter may be sent to outline what is required to proceed. Note that this confirmation of eligibility does not guarantee that your proposal will be approved for financial assistance at this time. We must still evaluate your business venture's viability by reviewing your business plan.

If your proposal is considered ineligible, the Development Officer will contact you to explain the reasons for this decision.

## HOW TO SUBMIT A BUSINESS PLAN

Once you and your application have been deemed eligible for Aboriginal Business Canada financial support, your Development Officer will request a complete business and /or marketing plan. You may complete the plan yourself, or you may request assistance from an arm's length third party consultant. If you do work with a consultant, you should nonetheless be actively involved in the preparation of your plan.

*Your Development Officer will be able to direct you to these resources and guide you through the process.*



### **If you complete the plan yourself...**

There are a number of resources you can use to complete your business plan. Your Development Officer will be able to direct you to these resources and guide you through the process.

### **At a minimum, your plan must include five sections:**

1. Management plan: How do you plan to manage your business?
2. Market assessment/marketing plan: What products and services do you intend to sell? To whom? How do you plan to price your products or services? How do you plan to promote your business? What methods will you use to distribute your products and services?
3. Operational plan: How do you plan to operate your business on a day-to-day basis, including purchasing, working with suppliers, manufacturing processes, human resources requirements, and meeting federal, provincial or territorial government regulations?
4. Financing plan: What is this proposed business project going to cost? How do you intend to finance it?

5. Financial projections: You must submit financial projections for your business, for up to three years, if possible. These usually contain a monthly cashflow projection, projected income statements, projected balance sheets and projected sources and uses of funds statements. Include any assumptions made with respect to your financial projection.

Please contact your development officer to ensure that your business plan contains all the necessary information to provide us with a full understanding of your business opportunity.

**If you request a consultant to assist in preparing your business plan...**

If you need help from a consultant, your Development Officer can provide guidance on what to look for in a third-party consultant and what is required from them. As well, we may be able to reimburse you for some of the fees involved. We will need to assess this and if approved, a separate Letter of Offer for the business plan phase will need to be in place before development of the business plan can begin. Consultants must be at arm's-length. In fact, we may request that you obtain multiple quotes for consulting proposals in order to ensure competitive prices and to allow a comparison of consulting approaches.

**At a minimum, all proposals from consultants must include the following information:**

- A work plan detailing the work to be completed and the timeframe in which it will be completed.
- A description of the methodology to be used in completing the work.

- A detailed budget that identifies the number of days required to complete the project, the per diem rates to be charged, as well as any out-of-pocket expenses for travel or administration.
- A detailed list of the direct, related experience of the company hired to prepare the plan.
- Résumés demonstrating the capability or expertise of the individuals on the project team who will be completing the work.

Although we will evaluate the ability of the consultant to undertake the work and will make an assessment of the overall project budget, you must decide which consultant you will be able to work with most effectively. It is essential that you choose a consultant that will best suit your needs.

Please allow yourself sufficient time for the preparation of your business plan. This document is vital to the success of your application and that of your business venture. In our experience, preparing a business plan can take weeks, even months, depending on the complexity of your project.

## HOW WE WILL ASSESS YOUR BUSINESS PLAN

Once your business plan is complete, you must submit one copy to your Development Officer. The assessment of your business plan is an ongoing, back-and-forth discussion, and the time needed to assess the plan will depend on the nature and complexity of your project and the completeness of the information you provided. Your response time to the Development Officer's request for further information can significantly speed up or slow down this process.

When all of the information has been received and reviewed by your Development Officer, you will be given one of two possible responses:

- **Project Approved:** The Development Officer and Aboriginal Business Canada management are satisfied that there is a viable business opportunity that warrants a recommendation for INAC investment.
- **Project Declined:** The Development Officer and Aboriginal Business Canada program management have reviewed the proposal and have determined there is no viable business opportunity warranting INAC investment at this time. This does not necessarily mean that your proposal does not have merit, but that it requires significantly further development to be considered a viable opportunity.

If your project is declined for funding, you will receive notification by telephone, as well as by mail, outlining the reasons for the decision.

If your project is approved, a Letter of Offer (see page 12 for more information on what to expect in your Letter of Offer) between you and INAC will be prepared. You should receive an original copy of the Letter of Offer after your Development Officer has notified you of the funding approval.



## WHAT TO EXPECT IN YOUR LETTER OF OFFER

For all approved projects, a contribution agreement, also called a Letter of Offer, will be prepared. The Letter of Offer will detail all elements of the financing arrangement, including loans, lending terms, amount of contribution, contribution terms, public information considerations, key dates and deadlines, special conditions, and relevant contact information.

It is very important to review your Letter of Offer with your Development Officer to verify the amount of the contribution, any special conditions on the financing, and any special milestone dates that must be met.

*When the contract has been executed, you will be required to prepare claims in order to receive funding.*

Once a Letter of Offer has been issued, you will be asked to sign and return one original copy of the document to us by the deadline indicated. When the contract has been executed, you will be required to prepare claims in order to receive funding. Funds are provided only after eligible costs have been incurred and claimed.

If the conditions specified in the Letter of Offer are not satisfied or met, the Letter of Offer may be withdrawn, and the amount paid to you, to date, may have to be repaid.

Please visit <http://www.ainc-inac.gc.ca/eac-abc> for more information on how to review your Letter of Offer.



## HOW TO OBTAIN REIMBURSEMENT

*For each claim that you submit, your Development Officer will request a sample for verification purposes.*



Your Letter of Offer will contain a financial commitment from us to reimburse you for the agreed-to portion of the costs that you have identified in your business plan. To receive your first payment, you must provide us with the following information:

- Evidence that you have satisfied all the conditions of payment identified in your Letter of Offer.
- Completed *Detailed Eligible Cost and Claim Summary* forms.
- Photocopies of paid invoices, along with proof-of-payment (cancelled cheque or receipts).

For subsequent claims, you need only to provide completed claim forms along with supporting invoices and proofs of payment, as directed by your Development Officer.

Please be sure to keep all your invoices and proofs of payment for the life of the agreement. For each claim that you submit, your Development Officer will request a sample for verification purposes.

We encourage you to submit claims regularly throughout the course of your project. However, due to the administrative requirements of making a payment, we ask that you submit no more than one claim per month and that your claim amount will be no less than \$1000.

Towards the end of the payment cycle, we will normally retain 10 percent of the total Aboriginal Business Canada program assistance to ensure the

project is completed as outlined in the Letter of Offer. The final 10 percent will be released upon confirmation by your Development Officer that the project has been satisfactorily completed.

*Claim forms will be sent to you along with your Letter of Offer.*

Claim forms will be sent to you along with your Letter of Offer. They are also available on our Web site at <http://www.ainc-inac.gc.ca/eac-abc>, along with directions on how to submit a claim.

## WHY YOU SHOULD KEEP IN TOUCH WITH US



Once you have received all payments and your business project is operating, we will continue to keep in touch. We want to ensure that your business venture is a success. We will continue to monitor your progress and offer our support with your operational concerns for a period specified in your Letter of Offer, called a “control period”.

We do this to:

- Help you overcome problems before they become insurmountable.
- Ensure that you are maintaining the financial records needed for effective management and for adhering to the requirements of other lending institutions.
- Review your progress.
- Provide us with a tool to measure the overall success of Aboriginal Business Canada program financing activities and to ensure that we continue to provide effective services to clients.

At a minimum, you can expect to have your Development Officer visit your operation within the control period identified in your Letter of Offer. You will also be required to complete an annual business performance review and may be required to submit annual financial statements for your business activity.

Any additional reporting requirements will be identified in your Letter of Offer and will be clearly identified for you by your Development Officer.

Please review materials on-line at: <http://www.ainc-inac.gc.ca/eac-abc> or contact an Aboriginal Business Canada program office near you. Contact information is listed on page 6 of this brochure.



