



INUIT FIRM REGISTRY SURVEY 2008

Prepared by:



Executive Summary

Atuqtuarvik Corporation is an Inuit-owned investment company established by Nunavut Tunngavik Incorporated (NTI) and Nunavut Trust in June 2000 to provide loans and equity investments to Inuit-owned businesses in Nunavut for the purpose of business start-ups, acquisitions and expansions. In the spring of 2008, Atuqtuarvik Corporation contracted Aarluk Consulting Inc. to conduct a survey of registered Inuit firms to update their profile in areas such as sector activity, financing requirements and support needs. In June 2008, an Inuktitut and English language questionnaire was mailed to all 234 firms listed on the Inuit Firm Registry (IFR) maintained by NTI.

The survey results presented in this report are based on 64 completed questionnaires received, representing a total of 74 firms, or 32.2% of active firms listed on the IFR. Highlights of the survey results are presented below, followed by some key additional figures. In some cases, it was possible to compare the 2008 results with results of the 2004 IFR Survey.

Since 2004, there has been an increase in the number of businesses operating in more than one sector, which indicates that Nunavut firms are diversifying. More than two thirds of firms only operate in one region, but about one-third plan to expand; of these, most (85.0%) plan to expand in one region. There also appears to have been a slight trend since 2004 towards increasing services to markets outside Nunavut. More than a quarter (28.1%) of the respondents' service markets is located outside of Nunavut, including other northern regions (10.3%), southern Canada (11.6%) and international (6.2%).

Annual sales were reported by 40.7% of respondents to be over \$1,000,000 and the firms employ significant numbers of employees, including Beneficiaries. There is a major trend towards sub-contracting **from** non-Inuit firms since 2004, while there is also a trend away from sub-contracting **to** non-Inuit owned firms and from full partnerships with non-Inuit-owned firms over the same period.

Over half of the firms (56.3%) had received financing between 2005 and 2007. 38.9% to 45.2% of businesses received under \$50,000 per year, while 18.8% to 19.4% received over \$1,000,000. The majority of respondents (64.1%) indicated their projected financing requirements: about half will require under \$100,000 per year over the next five years; over a quarter will require more than that, but less than \$1,000,000 per year; and a few larger firms will require more than \$1,000,000 in financing.

The total financing requirements for the 64 firms who responded would range from \$13.8 million to \$46.6 million per year, for a total of \$133.4 million over the next five years. Using the responses to this survey to project the requirements of **all** 230 active firms on the IFR, the total financing requirements would range from \$49.5 million to \$167.5 million per year, for a total of \$479.4 million over the next five years. Major financing requirements are for construction of buildings and facilities, business expansion in Nunavut, and acquisition of equipment, operating lines of credit and purchase of real estate.

The majority of business banking is done through a bank located in Nunavut (60.5%), or through a bank located outside of Nunavut (39.5%). None of the firms currently uses a Credit Union, Trust Company or other financial institution. For three-fifths of respondents who had faced challenges obtaining financing, the most common were eligibility (e.g. meeting criteria for financing) and the lack of a local bank in their community. The most common financial products and services required include a current account, credit cards, operating lines of credit, payroll services, term loans and mortgages. Atuqtuarvik Corporation products and services are rated highest overall, and there is significant interest in the First Nations Bank of Canada (FNBC), with more than half the firms stating that they would use the FNBC if the products and services meet their requirements.

Other highlights of the survey results include:

- The business sectors in which the firms operate include retail (13.9% of all sectors), other construction (13.1%), business & professional services (12.3%), and housing construction (11.5%); 42.6% of businesses operate in one sector only.
- More than two-thirds (69.4%) of the IFR businesses are 100% owned by Nunavut Inuit. A further 12.9% had 51% Nunavut Inuit ownership, 14.7% ranged between 59% and 95% Nunavut Inuit ownership and 3.2% had no Nunavut Inuit ownership.
- 42.6% of head offices are located in the Baffin region, 26.2% in the Kitikmeot region, and 23.0% in the Kivalliq region, while 8.2% are located outside of Nunavut.
- As noted, 40.7% of respondents reported annual sales over \$1,000,000. 17.0% had sales between \$250,000 and \$999,999 while 20.4% had sales between \$50,000 and \$249,999 and 22.0% had sales of under \$50,000.
- 67.3% of respondents indicated that they have between one and nine permanent full-time employees. Only 2.8% of firms have 50 or more permanent full-time employees.
- 77.8% of respondents indicated that they have between one and nine employees who are Beneficiaries.
- A large proportion of firms (36.2%) had no formal relationships with non-Inuit firms, while a small proportion (11.6%) indicated that they had worked in full partnership with non Inuit-owned firms.
- The organizations most accessed for financing, in order, were Atuqtuarvik Corporation (17.5%), Regional Economic Development Corporations (14.4%), Nunavut Business Credit Corporation (12.4%), a bank located outside of Nunavut (11.3%) and the Government of Nunavut's Department of Economic Development & Transportation (10.3%).

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1. INTRODUCTION

Atuqtuarvik Corporation is an Inuit-owned investment company established by Nunavut Tunngavik Incorporated (NTI) and Nunavut Trust in June 2000 to provide loans and equity investments to Inuit-owned businesses in Nunavut for the purpose of business start-ups, acquisitions and expansions. Atuqtuarvik Corporation plays a key role in business development in Nunavut by providing risk capital and assisting Inuit-owned businesses in leveraging funds from other sources. The corporation's vision is *a strong diversified economy in Nunavut with Atuqtuarvik Corporation providing assistance and support to viable Inuit-owned business*. It has the mandate to *assist in stimulating and developing Inuit-owned businesses by improving their access to sources of capital*. The need for business financing and equity investment in the territory continues to expand at a significant rate as the Nunavut economy gains strength.

Atuqtuarvik Corporation has provided loan and equity investments totalling over \$50 million to Inuit-owned companies in Nunavut. In addition, Atuqtuarvik Corporation maintains a strategic investment in the First Nations Bank of Canada (FNBC) and is providing assistance in establishing the bank in Nunavut.

2. PROJECT OBJECTIVE

As of June 2008, 234 firms were listed on the Inuit Firm Registry maintained by NTI. In order to update the profile of registered Inuit businesses and gain a more current understanding of their financial requirements and support needs, Atuqtuarvik Corporation contracted Aarluk Consulting Inc. (Aarluk) to conduct the 2008 Inuit Firm Registry Survey. The results of this survey will assist organizations involved in economic development in Nunavut with program development and will help them to anticipate the capital needs of Inuit businesses over the next five years.

A previous survey on businesses listed on the Inuit Firm Registry was conducted by Aarluk in 2004. The report can be viewed at: www.atuqtuarvik.com.

The overall objective of the survey was to collect information about Inuit-owned firms in Nunavut in order to update their profile including:

- Sector activity;
- Financing requirements; and
- Support needs.

In order to accomplish this objective, a questionnaire was designed and sent to registered Inuit firms listed in the Nunavut Tunngavik Inc. (NTI) Inuit Firm Registry. The questionnaire was divided into four sections:

1. **Business Profile:** business sectors, ownership structure, location of head office, location of business operations, planned expansion, service market, total annual sales, human resources, and relationships with non Inuit-owned companies;
2. **Capital Needs:** levels of financing received from 2005-2007, levels of financing required from 2008-2012, purpose of additional funding, and major obstacles in expanding business;
3. **Borrowing and Banking Experiences:** current business banking, challenges in accessing financial products and services, funding organizations previously accessed, financial products and services required and used, and satisfaction with financial institutions; and
4. **Interest in a Nunavut-based First Nations Bank of Canada:** level of interest in First Nations Bank of Canada, products and services required, and projected use of First Nations Bank of Canada.

3. SURVEY RESPONSE

The survey was conducted during the summer of 2008. Questionnaires were mailed out at the beginning of June to the firms listed on NTI's Inuit Firm Registry (IFR). Responses received up to the final cut-off date of August 29 were incorporated into the survey results. Four firms were confirmed to be inactive, however from the remaining 230, a total of 64 questionnaires were received representing 74 firms for a response rate of 32.2%¹. This represents a relatively high response rate to surveys of this type.

Since the survey took place during the summer, many potential respondents were likely on vacation. As a result, at least 56 firms could not be reached by telephone to encourage them to respond, despite several attempts. Representatives of seven firms who were contacted declined to take part because they were too busy or not interested in the survey.

4. REPRESENTATIVE RESULTS

There are a few observations to keep in mind when interpreting the results. Due to the fact that 40.7% of respondents report sales of over \$1.0 million per year, and 32.7% of firms report dealings with Atuqtuarvik Corporation in the past five years, it is clear that a larger proportion of responses came from larger, more established firms. There is also an important representation of firms (22.0%) who reported total annual sales of under \$50,000. It is believed that the survey results represent both large and small firms, but that the larger firms are more heavily represented.

¹ Two survey responses represented more than one firm, as they were part of a larger corporate group.

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In contrast, the 2004 IFR Survey showed 49.0% of respondents had sales of over \$1.0 million per year, and 13.0% of respondents had sales under \$50,000. This is important to keep in mind when comparing 2004 survey results as the previous survey had a higher proportion of larger firms and a smaller proportion of smaller firms. In some cases the 2004 and 2008 survey results have been compared to help identify trends, while in other cases different questions or wording of questions do not allow for comparison.

While the survey results provide a very clear picture of the firms which responded, the results should not necessarily be considered applicable to all firms on the Inuit Firm Registry.

5. SURVEY RESULTS

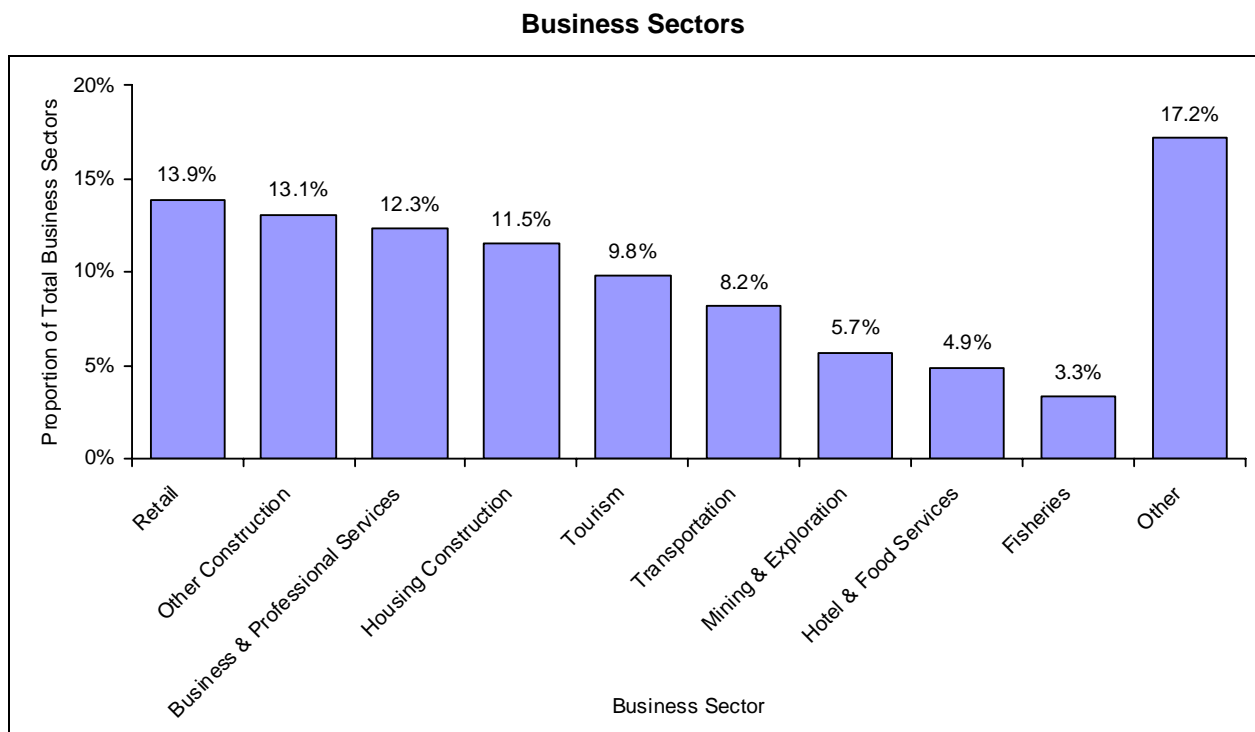
Following the structure of the questionnaire, the survey results are presented in four sections: business profile, capital needs, borrowing and banking experiences, and interest in a Nunavut-based First Nations Bank of Canada.

5.1. Business Profiles

This section of the report outlines the responses to questions on business sectors, ownership structure, location of head office, location of business operations, location of planned expansion, location of service markets, total annual sales, human resources, and relationships with non Inuit-owned companies.

5.1.1. Business Sectors

Respondents were asked to indicate all sectors in which their business operates. As shown below, the most common sectors include, in order: retail (13.9% of total), other construction (13.1%), business & professional services (12.3%), and housing construction (11.5%).



A total of 17.2% listed “other” sectors. Of these, 7 listed Property Management / Real Estate. Ten others, representing approximately 18 firms, listed general contracting;

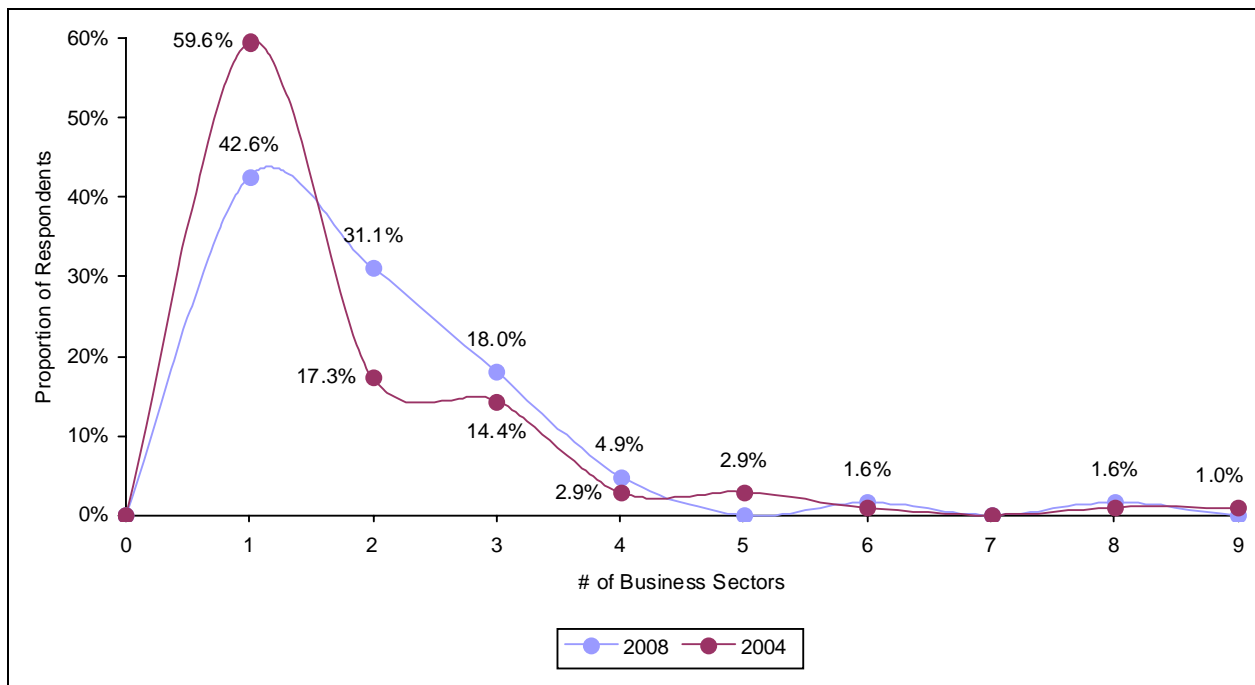
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catering, housekeeping, and camp structures & management; expediting; management; equipment sales and services; plumbing & heating, insurance, Internet, logistics and others.

As the following chart shows, 42.6% of businesses operate in one sector only. A total of 57.4% operate in more than one sector, including 31.1% who operate in two sectors, 18.0% in three sectors, 4.9% in four sectors, 1.6% in six sectors and 1.6% in eight sectors.

For comparison, in 2004 a total of 59.6% of businesses surveyed operated in only one sector, while 40.4% operated in more than one sector. This increase in the number of businesses operating in more than one sector would seem to indicate that Nunavut firms are diversifying.

Number of Business Sectors in 2008 and 2004

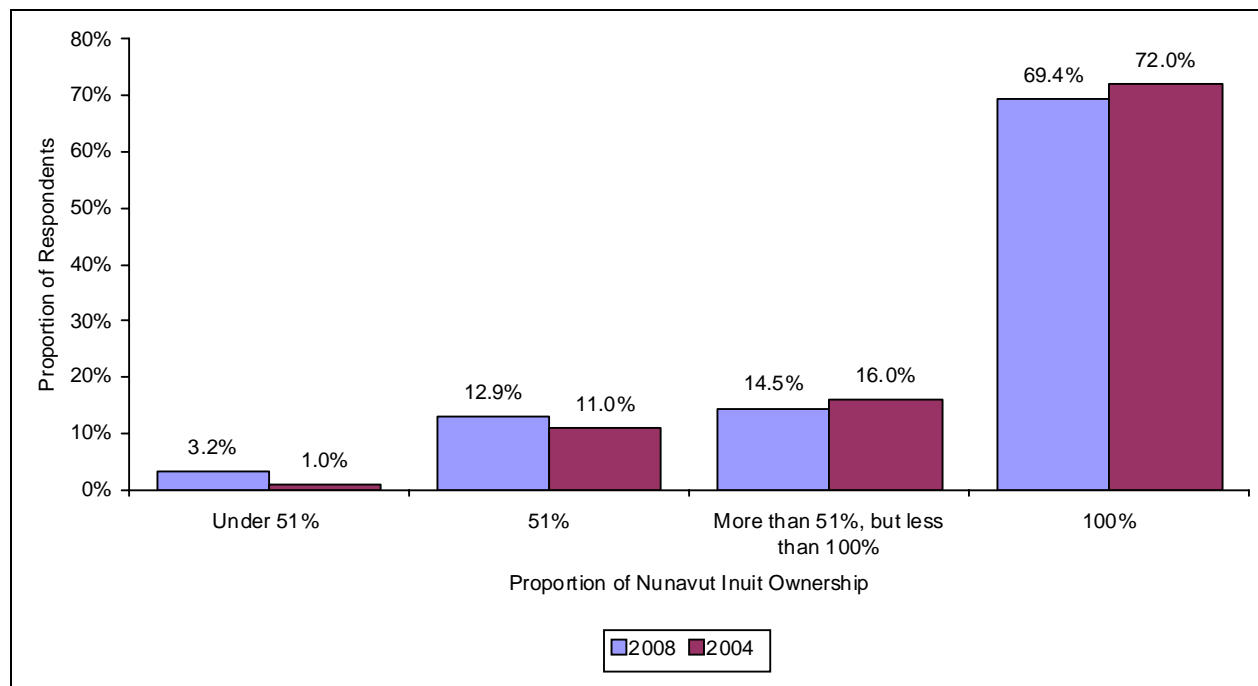


5.1.2. Ownership Structure

Respondents were asked to identify the proportion of Nunavut Inuit ownership. As shown in the chart below, more than two-thirds (69.4%) of the IFR businesses are 100% owned by Nunavut Inuit. A further 12.9% had 51% Nunavut Inuit ownership; 14.5% had more than 51% but less than 100% Nunavut Inuit ownership; and 3.2% indicated no Nunavut Inuit ownership.²

In 2004, 72.0% of firms were 100% Nunavut Inuit-owned, while 11.0% had 51% Nunavut Inuit ownership. The proportional differences between 2004 and 2008 are too small to make any assumptions.

Nunavut Inuit Ownership in 2008 and 2004

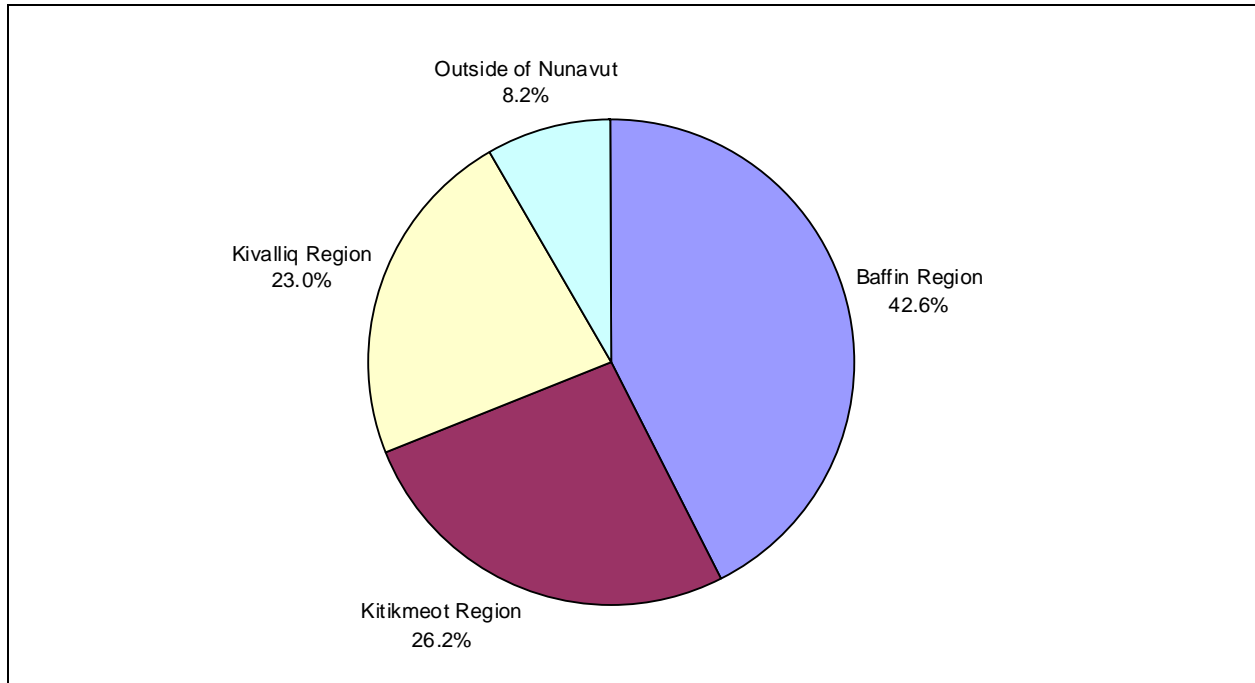


² All firms included in the Inuit Firm Registry must have 51% Inuit ownership; however Land Claim beneficiaries residing outside of Nunavut are permitted to own or hold shares in an Inuit firm that may be registered.

5.1.3. Head Office Locations

The survey results show that a large proportion of head offices are located in the Baffin region (42.6%). A similar proportion of head offices are located in each of the Kitikmeot (26.2%) and Kivalliq (23.0%) regions, while 8.2% of head offices are located outside of Nunavut (3 were in Yellowknife and 2 were in southern Canada).

Head Office Locations by Region



Head Office Locations by Region

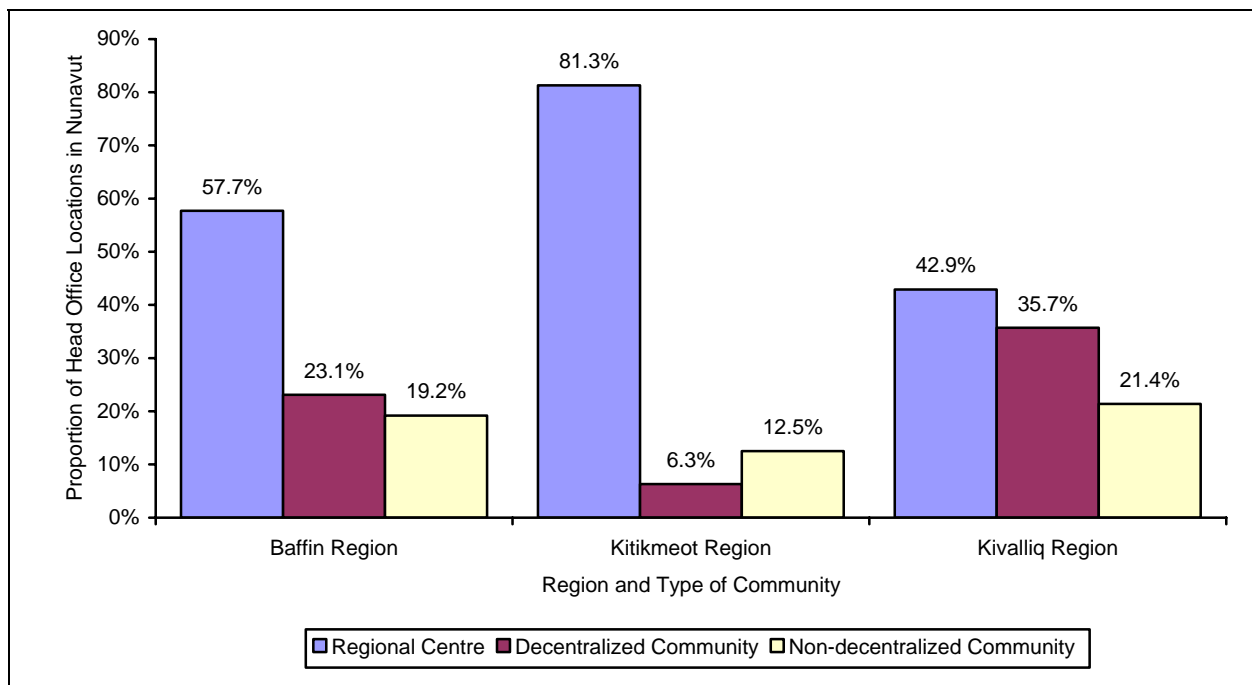
| Region | Number | % |
|--------------------|-----------|---------------|
| Baffin Region | 26 | 42.6% |
| Kitikmeot Region | 16 | 26.2% |
| Kivalliq Region | 14 | 23.0% |
| Outside of Nunavut | 5 | 8.2% |
| Total | 61 | 100.0% |

In 2004, 45.1% of head offices were in the Baffin region, 43.1% were in Kivalliq and 11.8% were in Kitikmeot. There is an apparent increase in the number of head offices located in Kitikmeot and a decrease in the number of head offices in the Kivalliq region between 2004 and 2008. This may be due to different firms having responded to each survey; also in 2004 “Outside of Nunavut” was not offered as a choice.

Respondents' head offices were located in 16 of Nunavut's 27 communities. The three most common head office locations are the three regional centres: Iqaluit (Baffin region - 24.6%), Cambridge Bay (Kitikmeot region - 21.3%) and Rankin Inlet (Kivalliq region - 11.5%). Arviat, a community in the Kivalliq region, was fourth (4.9%).

Besides the three regional centres, eight decentralized communities were designated in Nunavut as government centres where government headquarter positions would be located. These are smaller in size than regional centres; and non decentralized communities are the smallest. The table below shows the location of head offices by type of community.

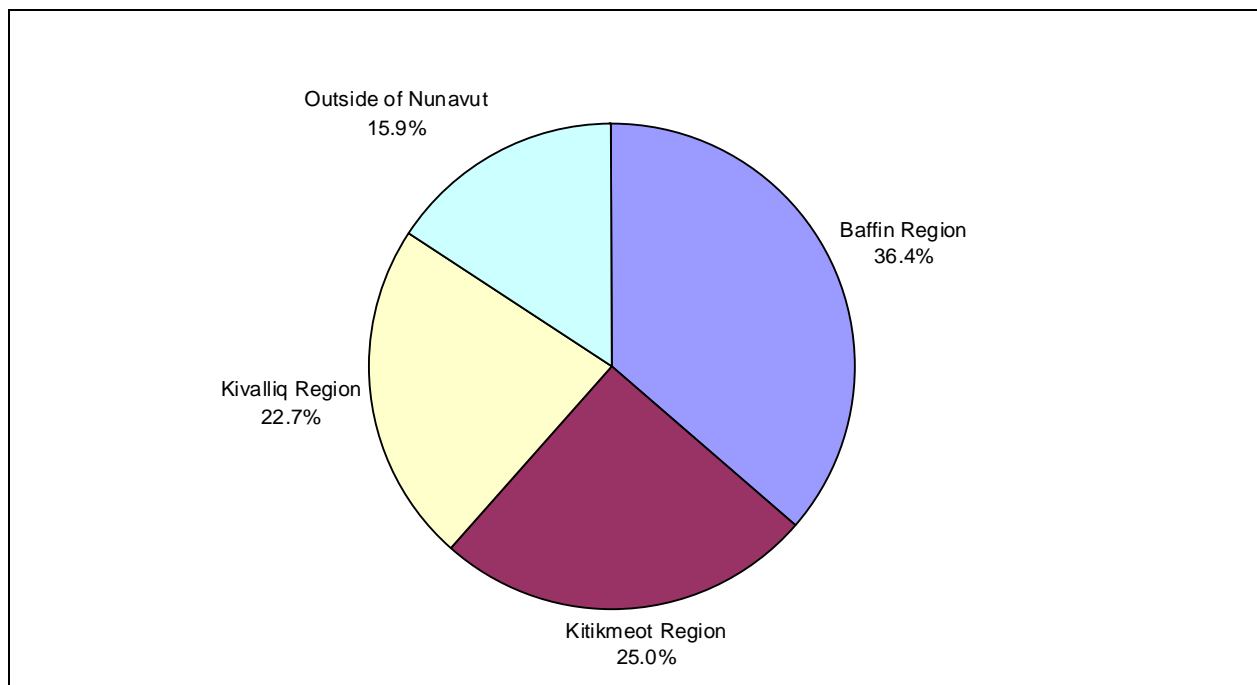
Head Office Locations in Nunavut by Region and Type of Community



5.1.4. Business Operations

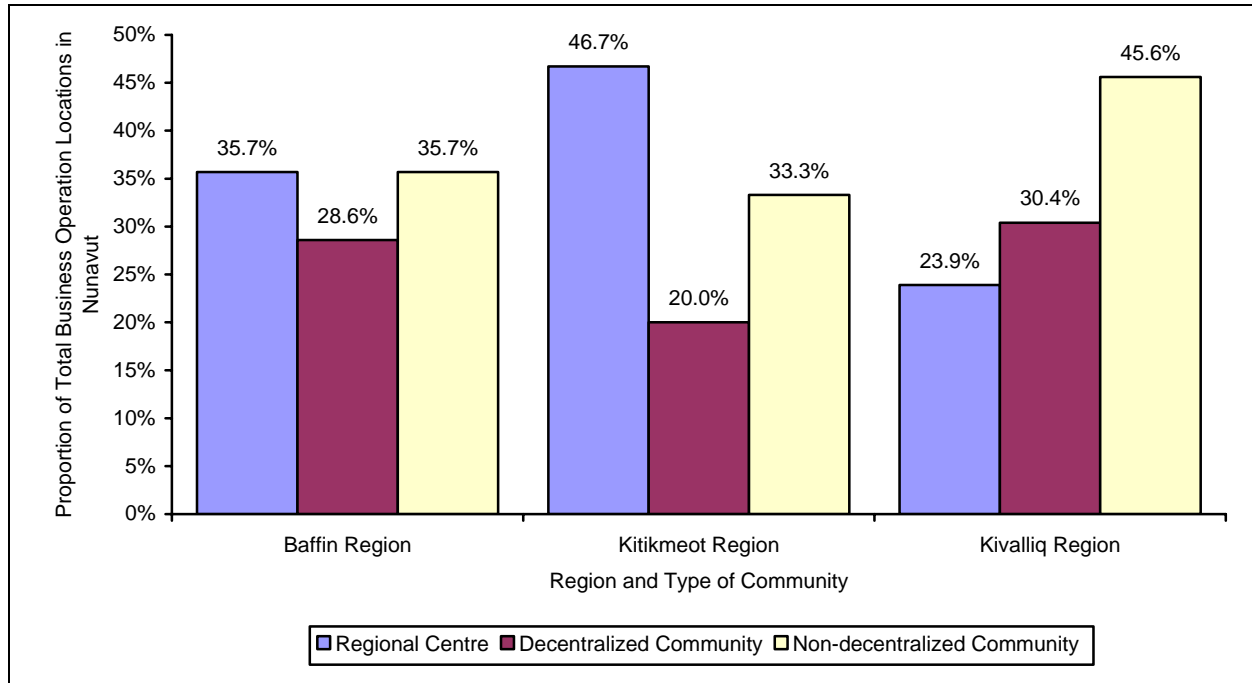
The firms were asked to identify the regions and communities in which they operate. There were four options: Baffin region, Kitikmeot region, Kivalliq region and outside of Nunavut. More than two thirds of firms (71.0%) only operate in one region, while 19.4% operate in two regions, 4.8% operate in three regions and another 4.8% operate in all four regions. 36.4% of business operations are located in the Baffin region, while 25.0% are located in the Kitikmeot region and 22.7% in the Kivalliq region. 15.9% of respondents reported their business operations are located outside of Nunavut (4 were in the NWT, 14 were in southern Canada and 1 was in the U.S.)

Business Operation Locations by Region



The firms were also asked how many communities they operate in. The majority of respondents (66.1%) indicated that their firm operates in only one community while 18.2% of businesses operate in two communities and 3.4% operate in five communities. It was reported that 3.4% of business have operations in all of Nunavut's 26 communities. 33.9% of respondents indicated operations in Iqaluit while 23.7% reported having operations in Cambridge Bay, 18.6% in Rankin Inlet and 13.6% in Arviat. 10.2% of respondents reported having business operations in each of the communities of Baker Lake, Coral Harbour and Whale Cove. The chart and table below show the location of business operations by type of community.

Business Operations in Nunavut by Region and Type of Community



Business Operations in Nunavut by Region and Type of Community

| Total | Number | % |
|--|------------|---------------|
| Total Business Operation Locations in Nunavut | 132 | 100.0% |
| Total Regional Centres | 45 | 34.1% |
| Total Decentralized Communities | 36 | 27.3% |
| Total Non-decentralized Communities | 51 | 38.6% |
| Baffin Region | 56 | 42.4% |
| Regional Centre | 20 | 15.2% |
| Decentralized Communities | 16 | 12.1% |
| Non-decentralized Communities | 20 | 15.2% |
| Kitikmeot Region | 30 | 22.7% |
| Regional Centre | 14 | 10.6% |
| Decentralized Communities | 6 | 4.5% |
| Non-decentralized Communities | 10 | 7.6% |
| Kivalliq Region | 46 | 34.8% |
| Regional Centre | 11 | 8.3% |
| Decentralized Communities | 14 | 10.6% |
| Non-decentralized Communities | 21 | 15.9% |

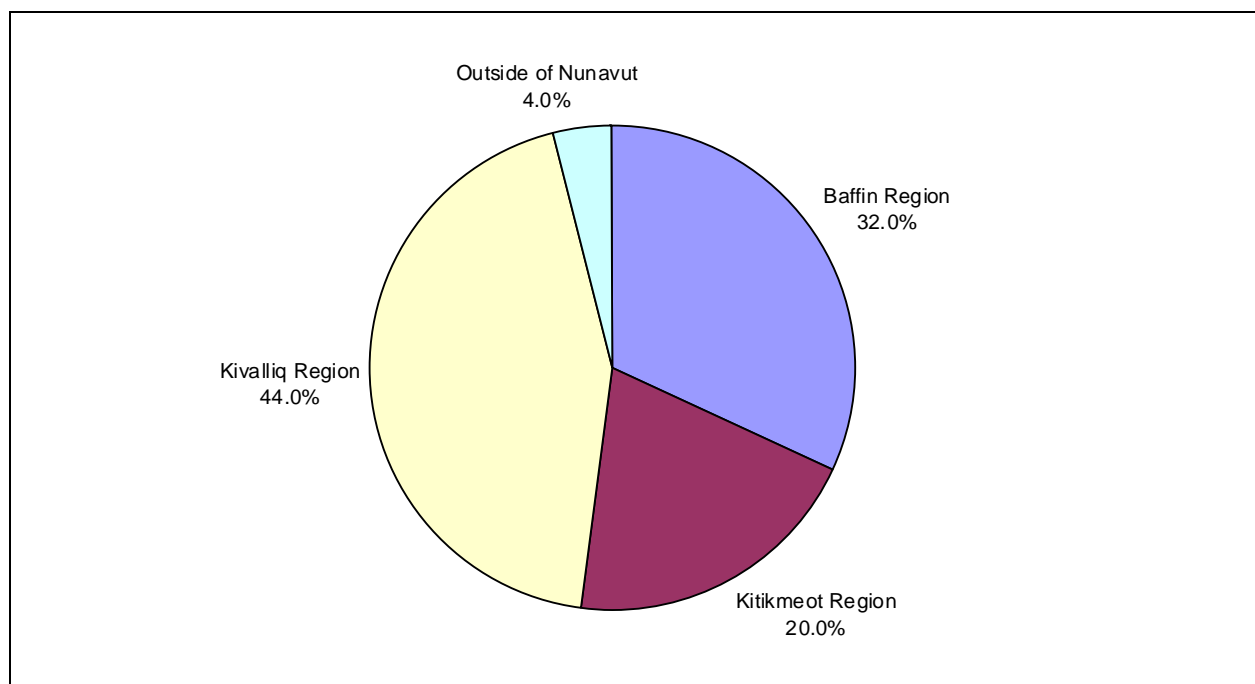
The table below shows the individual communities named, with the percent of total business operations in each community.

| Location of Business Operations | | | |
|---------------------------------|--------------|---------------------|--------------|
| Community | % | Community | % |
| Arctic Bay | 6.8% | Iqaluit | 33.9% |
| Arviat | 13.6% | Kimmitut | 3.4% |
| Baker Lake | 10.2% | Kugaaruk | 6.8% |
| Bathurst Inlet | 3.4% | Kugluktuk | 6.8% |
| Cambridge Bay | 23.7% | Pangnirtung | 8.6% |
| Cape Dorset | 5.1% | Pond Inlet | 8.5% |
| Chesterfield Inlet | 6.8% | Qikiqtarjuaq | 3.4% |
| Clyde River | 6.8% | Rankin Inlet | 18.6% |
| Coral Harbour | 10.2% | Repulse Bay | 8.5% |
| Gjoa Haven | 3.4% | Resolute Bay | 6.8% |
| Grise Fiord | 3.4% | Taloyoak | 3.4% |
| Hall Beach | 3.4% | Umingmaktuuq | 3.4% |
| Igloolik | 5.1% | Whale Cove | 10.2% |

5.1.5. Planned Expansion

About one-third (31.3%) of the firms indicated they plan to expand, while half (49.9%) do not plan to expand and 18.8% didn't know or were uncertain. Of those who did plan to expand, the great majority (85.0%) planned to expand in one region. Of the planned expansion locations, 44.0% were in the Kivalliq region, followed by Baffin (32.0%), and Kitikmeot (20.0%), while only 4.0% were outside of Nunavut (one specific to Quebec).

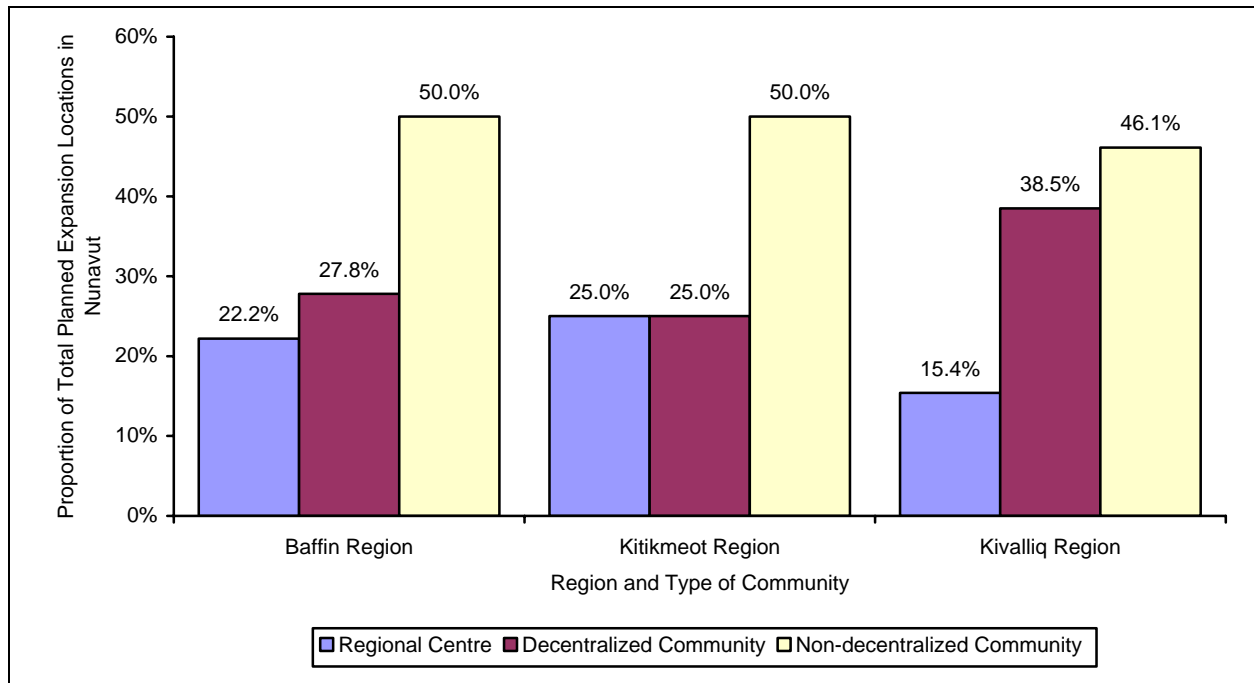
Planned Expansion Locations by Region



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Of those who plan to expand their business operations, two-thirds (68.8%) plan to expand into one community, while 12.5% plan to expand into two communities, 12.5% plan to expand into seven communities, and 6.3% plan to expand into all Nunavut communities. The most notable planned expansion locations are Arviat (31.3%), Baker Lake (31.3%), Iqaluit (25.0%) and Rankin Inlet (25.0%). The chart and tables below show the planned expansion locations by region and type of community.

Planned Expansion Locations in Nunavut by Region and Type of Community



Planned Expansion Locations in Nunavut by Region and Type of Community

| Total | Number | % |
|---|-----------|---------------|
| Total Planned Expansion Locations in Nunavut | 52 | 100.0% |
| Total Regional Centres | 10 | 19.2% |
| Total Decentralized Communities | 17 | 32.7% |
| Total Non-decentralized Communities | 25 | 48.1% |
| Baffin Region | 18 | 34.6% |
| Regional Centre | 4 | 7.7% |
| Decentralized Communities | 5 | 9.6% |
| Non-decentralized Communities | 9 | 17.3% |
| Kitikmeot Region | 8 | 15.4% |
| Regional Centre | 2 | 3.8% |
| Decentralized Communities | 2 | 3.8% |
| Non-decentralized Communities | 4 | 7.7% |
| Kivalliq Region | 26 | 50.0% |
| Regional Centre | 4 | 7.7% |
| Decentralized Communities | 10 | 19.2% |
| Non-decentralized Communities | 12 | 23.1% |

The table below shows the individual communities named, with the percent of total planned business expansion for each community.

| Location of Planned Expansion | | | |
|-------------------------------|--------------|---------------------|--------------|
| Community | % | Community | % |
| Arctic Bay | 12.5% | Iqaluit | 25.0% |
| Arviat | 31.3% | Kimmirut | 6.3% |
| Baker Lake | 31.3% | Kugaaruk | 6.3% |
| Bathurst Inlet | 6.3% | Kugluktuk | 6.3% |
| Cambridge Bay | 12.5% | Pangnirtung | 6.3% |
| Cape Dorset | 6.3% | Pond Inlet | 12.5% |
| Chesterfield Inlet | 18.8% | Qikiqtarjuaq | 6.3% |
| Clyde River | 12.5% | Rankin Inlet | 25.0% |
| Coral Harbour | 18.8% | Repulse Bay | 18.8% |
| Gjoa Haven | 6.3% | Resolute Bay | 6.3% |
| Grise Fiord | 6.3% | Taloyoak | 6.3% |
| Hall Beach | 6.3% | Umingmaktuuq | 6.3% |
| Igloodik | 6.3% | Whale Cove | 18.8% |

5.1.6. Service Market

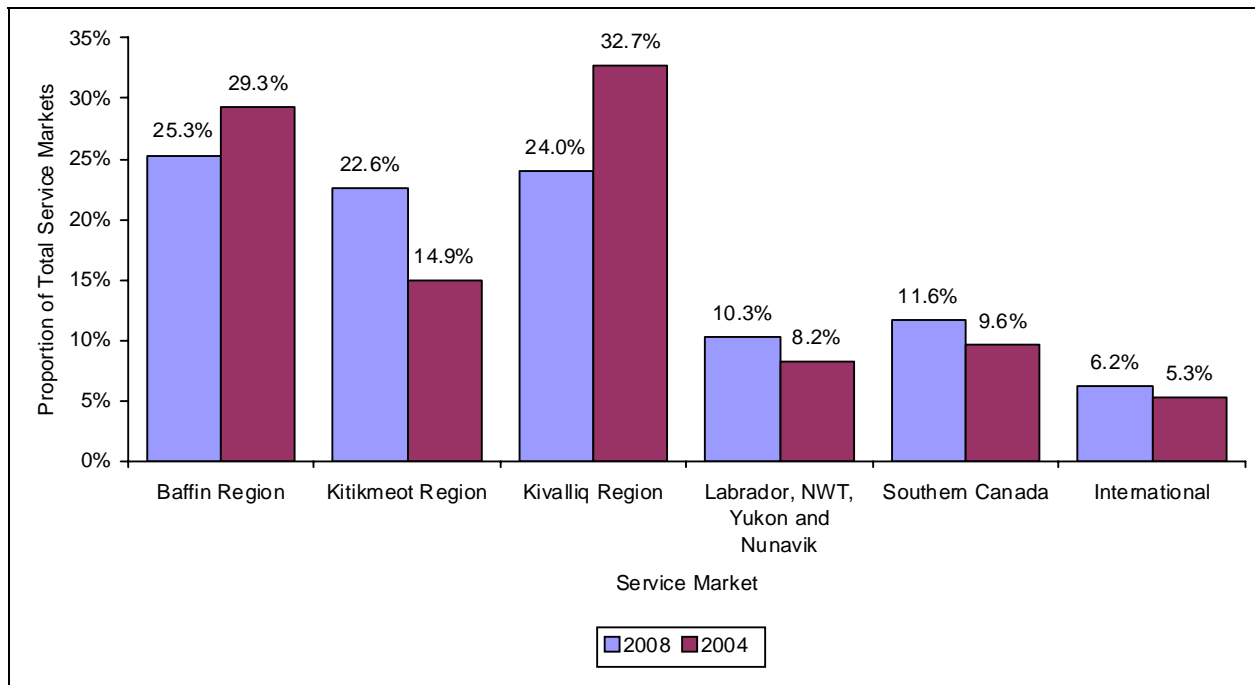
The firms were asked to indicate where their service markets are located. The choices included each of the three Nunavut regions, other northern territories/regions, southern Canada and international locations. 58.1% indicated they only have one service market, while 14.5% have three service markets and 11.3% have five service markets.

Not surprisingly, the location of the main service market is in Nunavut (71.9%), with little difference between regions: Baffin (25.3%), Kivalliq (24.0%) and Kitikmeot (22.6%). 28.1% of the respondents' service markets are located outside of Nunavut, including other northern regions (10.3%), southern Canada (11.6%) and international (6.2%).

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The chart below compares the 2008 service markets to those identified in 2004. There appears to have been a slight trend towards increasing services to markets outside Nunavut and an increase in firms reporting the Kitikmeot as the main service market. There is a decline in firms reporting the Baffin and Kivalliq regions as the main service market.

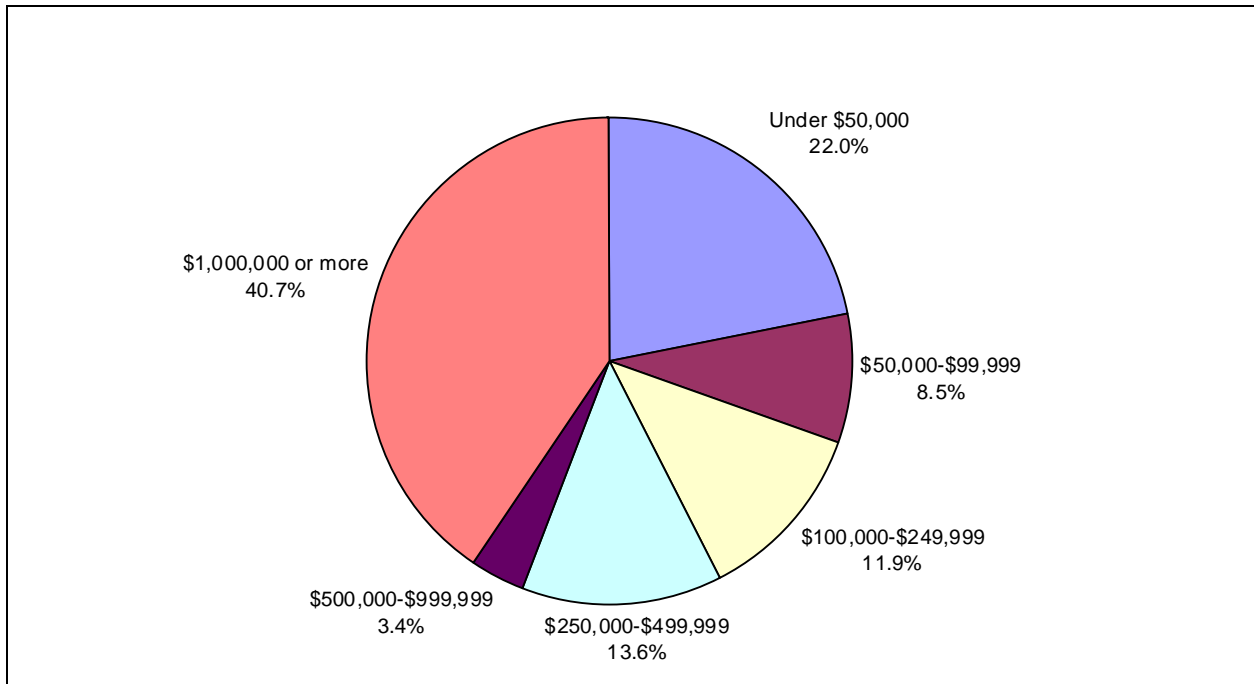
Service Markets in 2008 and 2004



5.1.7. Total Annual Sales

Annual sales were reported by 40.7% of respondents to be over \$1,000,000. A further 17.0% had sales between \$250,000 and \$999,999, 20.4% had sales between \$50,000 and \$249,999 and 22.0% reported sales of under \$50,000.

Total Annual Sales



Total Annual Sales

| Range | Number | % |
|---------------------|-----------|---------------|
| Under \$50,000 | 13 | 22.0% |
| \$50,000-\$99,999 | 5 | 8.5% |
| \$100,000-\$249,999 | 7 | 11.9% |
| \$250,000-\$499,999 | 8 | 13.6% |
| \$500,000-\$999,999 | 2 | 3.4% |
| \$1,000,000 or more | 24 | 40.7% |
| Total | 59 | 100.0% |

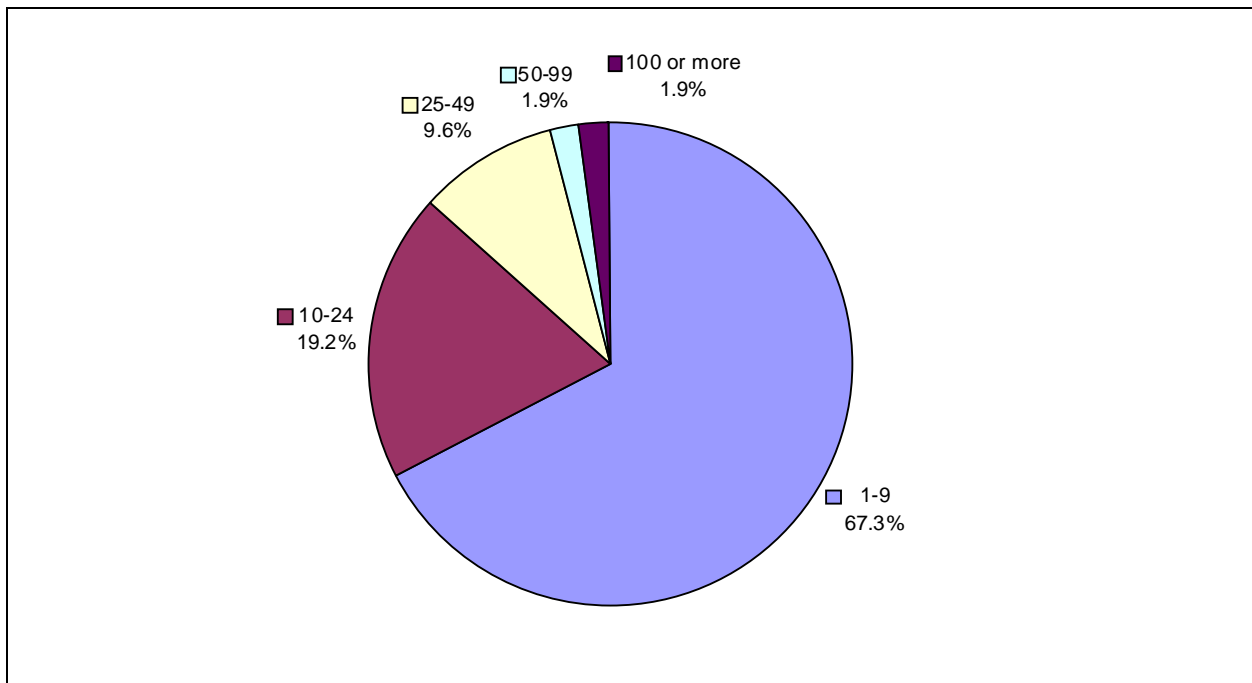
5.1.8. Human Resources

The firms were asked to indicate how many employees they had in each of the four following categories: permanent full-time, permanent part-time, seasonal, and Beneficiaries. The majority of respondents (67.3%) indicated that they have between one and nine permanent employees who work full-time. 19.2% employ 10-24 full-time employees and 9.6% have 25-29 full-time employees. Only 2.8% of firms have 50 or more permanent full-time employees. These figures are illustrated in the table and chart below.

Permanent Full-time Employees

| Range | Number | % |
|--------------|-----------|---------------|
| 1-9 | 35 | 67.3% |
| 10-24 | 10 | 19.2% |
| 25-49 | 5 | 9.6% |
| 50-99 | 1 | 1.9% |
| 100 or more | 1 | 1.9% |
| Total | 52 | 100.0% |

Permanent Full-time Employees



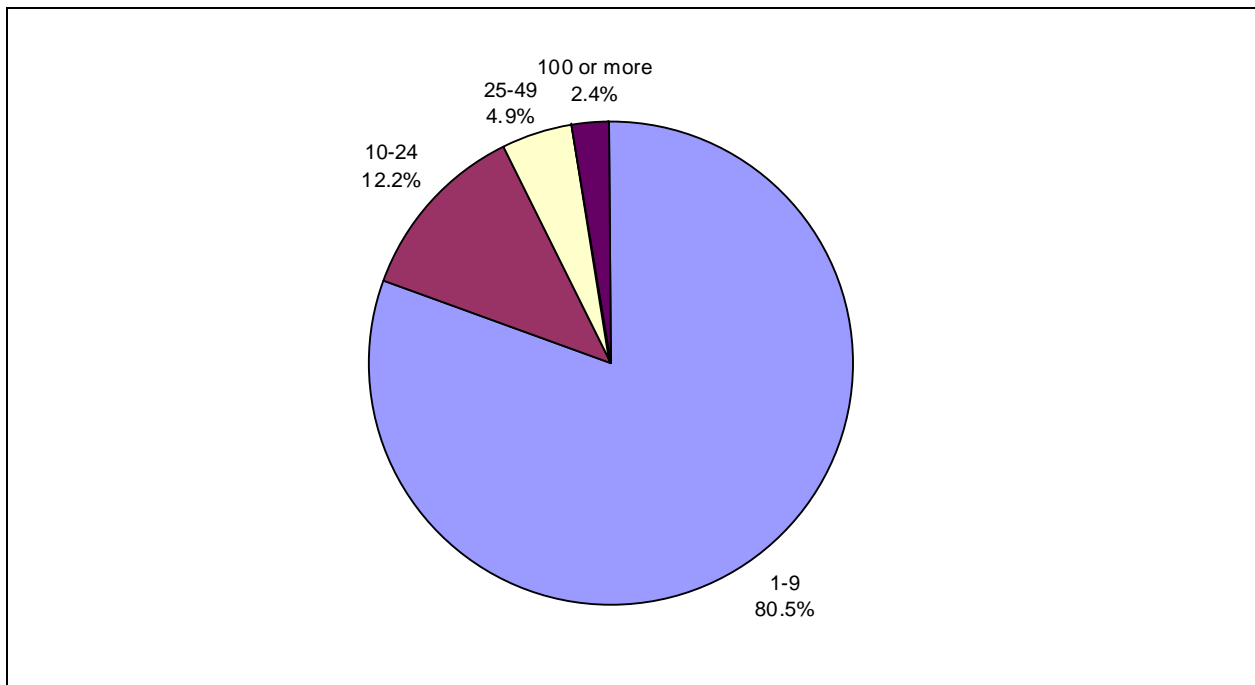
The majority of respondents (80.5%) indicated that they also have between one and nine permanent employees who work part-time. 12.2% of firms employ 10-24 part-time employees and 4.9% have 25-29 part-time employees. Only 2.4% of firms have 50 or

more permanent part-time employees. These figures are illustrated in the table and chart below.

Permanent Part-time Employees

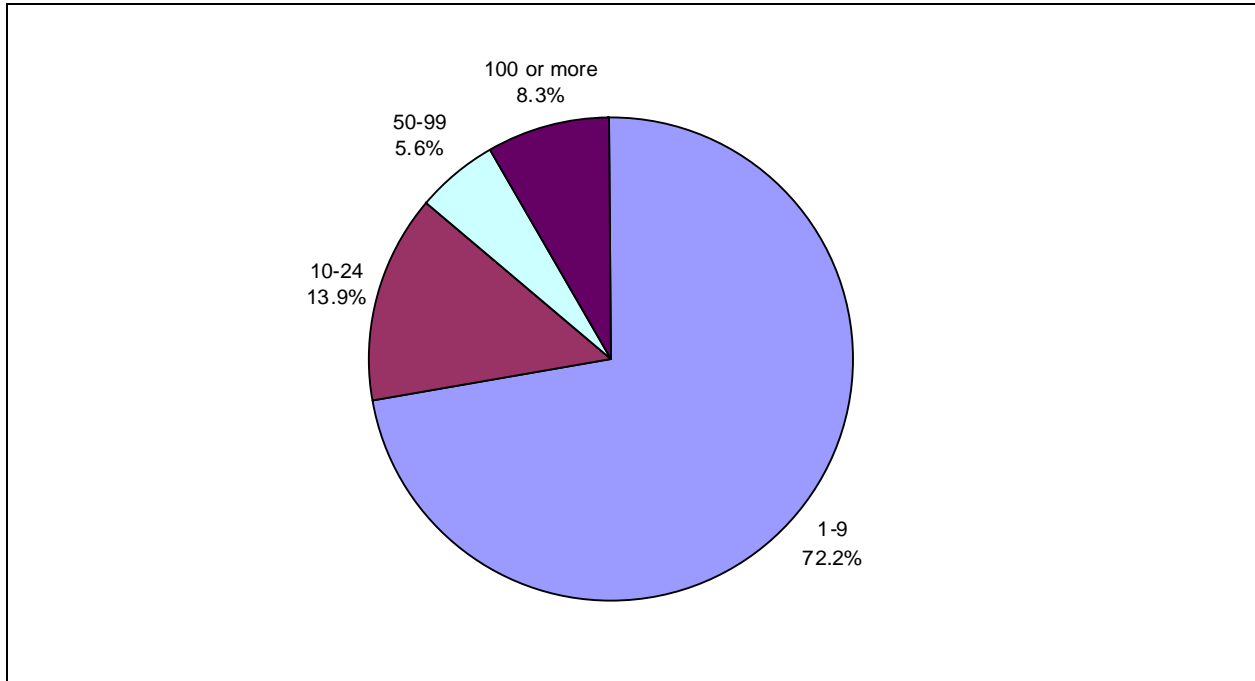
| Range | Number | % |
|--------------|-----------|---------------|
| 1-9 | 33 | 80.5% |
| 10-24 | 5 | 12.2% |
| 25-49 | 2 | 4.9% |
| 50-99 | 0 | 0.0% |
| 100 or more | 1 | 2.4% |
| Total | 41 | 100.0% |

Permanent Part-time Employees



72.2% of respondents indicated that they have between one and nine seasonal employees. 13.9% of businesses reported having 10-24 seasonal employees while 5.6% of businesses employ 50-99 seasonal employees and 8.3% have 100 or more seasonal employees.

Seasonal Employees

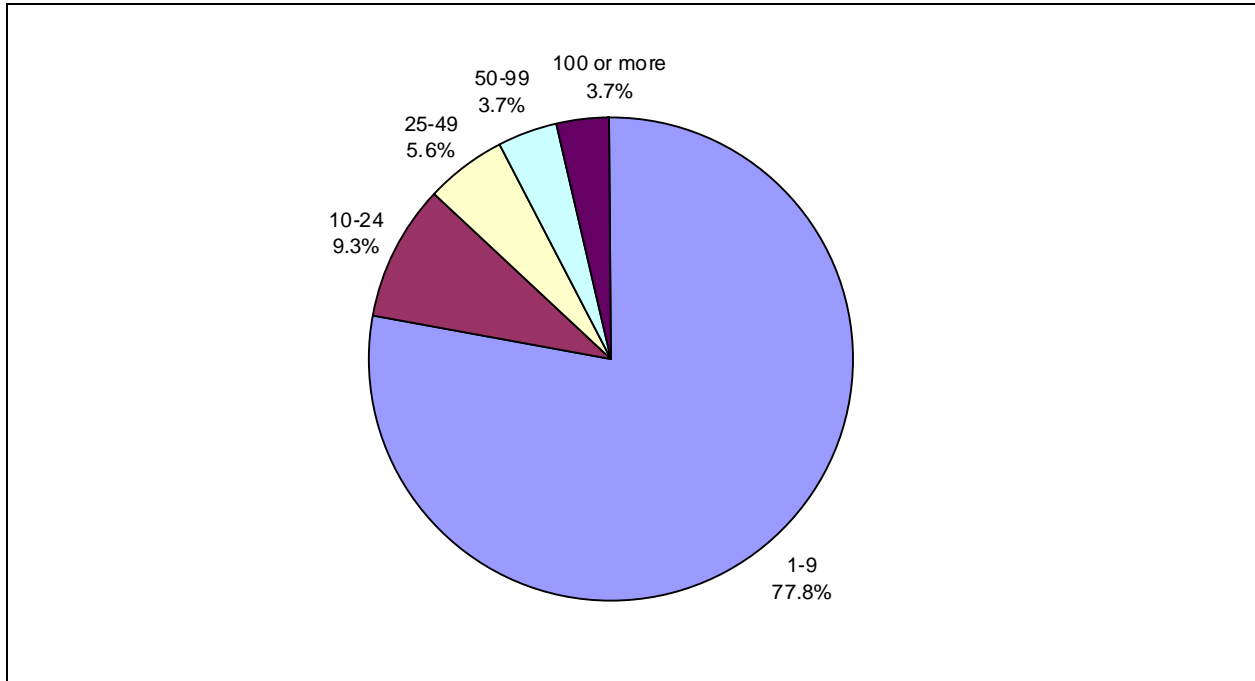


Seasonal Employees

| Range | Number | % |
|--------------|-----------|---------------|
| 1-9 | 26 | 72.2% |
| 10-24 | 5 | 13.9% |
| 25-49 | 0 | 0.0% |
| 50-99 | 2 | 5.6% |
| 100 or more | 3 | 8.3% |
| Total | 36 | 100.0% |

More than three quarters of respondents (77.8%) indicated that they employ between one and nine employees who are Beneficiaries. 9.3% employ 10-24 employees who are Beneficiaries while 5.6% of businesses have 25-49 employees who are Beneficiaries and 7.4% of firms have 50 or more Beneficiaries working for them.

Employees who are Beneficiaries



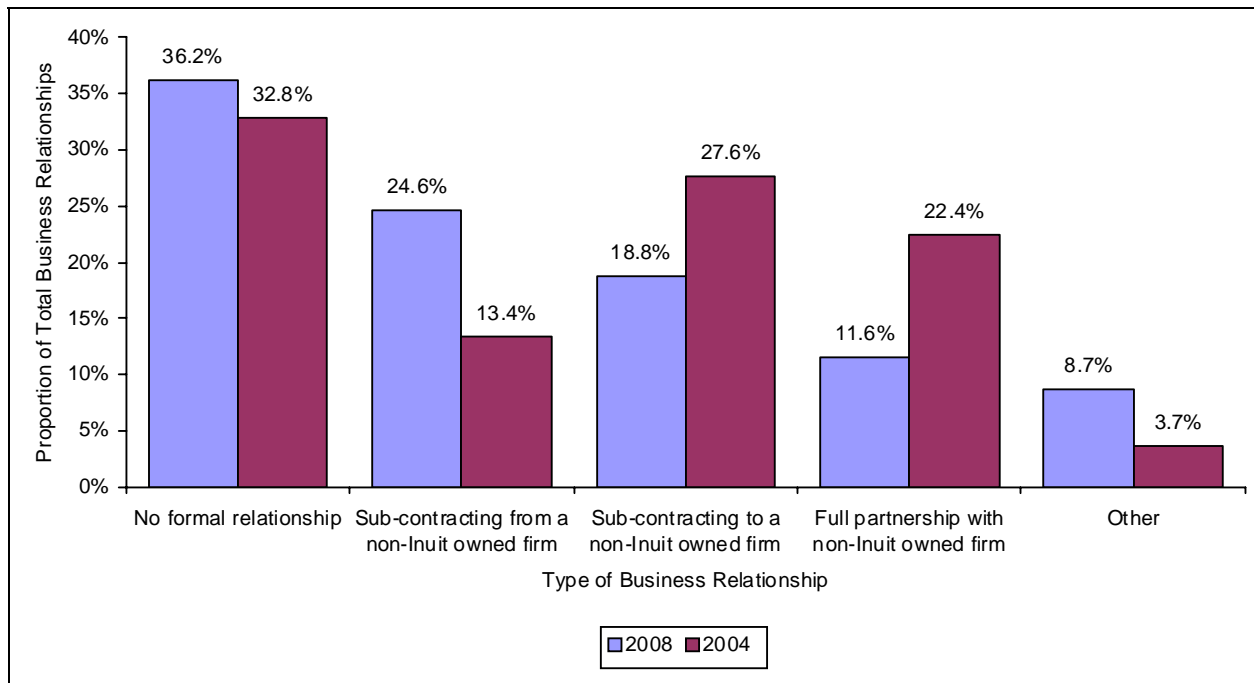
Employees who are Beneficiaries

| Range | Number | % |
|--------------|-----------|---------------|
| 1-9 | 42 | 77.8% |
| 10-24 | 5 | 9.3% |
| 25-49 | 3 | 5.6% |
| 50-99 | 2 | 3.7% |
| 100 or more | 2 | 3.7% |
| Total | 54 | 100.0% |

5.1.9. Relationships with Non Inuit-Owned Firms

Businesses were asked to describe the types of relationships that they have had with non-Inuit owned firms in the past three years. The respondents could describe more than one type of relationship they may have with non-Inuit owned firms. 36.2% of relationships reported by respondents were informal, while 24.6% of relationships involved sub-contracting **from**, and 18.8% involved sub-contracting **to**, non-Inuit firms. A small proportion of the relationships (11.6%) were full partnerships with non Inuit-owned firms. Six respondents who indicated other types of relationships reported an exchange of goods or services. Based on the responses received, there appears to be a trend towards sub-contracting **from** non-Inuit firms since 2004, and there is a trend away from sub-contracting **to** non-Inuit owned firms and from full partnerships with non-Inuit-owned firms.

Business Relationships by Type in 2008 and 2004



5.2. Capital Needs

This section reviews levels of financing received from 2005-2007, projected levels of financing required from 2008-2012, the purpose of additional funding, and major obstacles to business expansion, as reported by respondents.

5.2.1. Financing Received from 2005-2007

Firms were asked to indicate the level of financing they had received between 2005 and 2007. 56.3% of respondents indicated that they had received financing. The highest proportion of businesses (38.9% to 45.2%) received under \$50,000 in financing each year. The next highest levels of financing reported were in the \$50,000-\$99,999 range (16.1% to 21.9% of businesses received this amount) while 18.8% to 19.4% of businesses received funding in the \$1,000,000 or more range. The table below shows the number of firms and corresponding percentage for each financing level.

Range of Financing Received from 2005 to 2007

| Financing received | Year | | | | | |
|-----------------------|-----------|---------------|-----------|---------------|-----------|---------------|
| | 2005 | | 2006 | | 2007 | |
| | Number | % | Number | % | Number | % |
| Under \$50,000 | 14 | 45.2% | 14 | 43.8% | 14 | 38.9% |
| \$50,000-\$99,999 | 5 | 16.1% | 7 | 21.9% | 7 | 19.4% |
| \$100,000-\$249,999 | 4 | 12.9% | 0 | 0.0% | 2 | 5.6% |
| \$250,000-\$499,999 | 1 | 3.2% | 2 | 6.3% | 3 | 8.3% |
| \$500,000-\$999,999 | 1 | 3.2% | 3 | 9.4% | 3 | 8.3% |
| \$1,000,000 or more | 6 | 19.4% | 6 | 18.8% | 7 | 19.4% |
| Total | 31 | 100.0% | 32 | 100.0% | 36 | 100.0% |

The range of financing for those businesses that received over \$1 million for any given year was between \$1.4 million to \$12 million.

5.2.2. Projected Financing Requirements from 2008-2012

Respondents were asked to indicate their company’s projected financial requirements from 2008 to 2012. The majority of respondents (64.1%) provided their projected financing requirements, as shown in the following table. The largest proportion (43.9% to 55.5%) required under \$100,000 for each of the five years.

Projected Financing Requirements from 2008 to 2012

| Projected Financing Requirements | Year | | | | | | | | | |
|----------------------------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| | 2008 | | 2009 | | 2010 | | 2011 | | 2012 | |
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| Under \$50,000 | 18 | 45.0% | 14 | 34.1% | 12 | 32.4% | 10 | 37.0% | 11 | 40.7% |
| \$50,000-\$99,999 | 2 | 5.0% | 4 | 9.8% | 5 | 13.5% | 5 | 18.5% | 4 | 14.8% |
| \$100,000-\$249,999 | 6 | 15.0% | 7 | 17.1% | 5 | 13.5% | 2 | 7.4% | 3 | 11.1% |
| \$250,000-\$499,999 | 5 | 12.5% | 6 | 14.6% | 4 | 10.8% | 2 | 7.4% | 1 | 3.7% |
| \$500,000-\$999,999 | 2 | 5.0% | 0 | 0.0% | 1 | 2.7% | 1 | 3.7% | 2 | 7.4% |
| \$1,000,000 or more | 7 | 17.5% | 10 | 24.4% | 10 | 27.0% | 7 | 25.9% | 6 | 22.2% |
| Total | 40 | 100.0% | 41 | 100.0% | 37 | 100.0% | 27 | 100.0% | 27 | 100.0% |

This table shows a significant proportion of respondents (17.5% to 27.0%) reported financing requirements of over \$1.0 million each year for the next five years. The financing amounts for the 4 businesses that provided specific details ranged from \$1.5 million to \$12 million.

2008 Inuit Firm Registry Survey – Final Report

The following table includes the total financing requirements for the 64 firms who responded to the 2008 survey (of whom 64.1% required financing). This has been calculated by using the average amount in each financing range by the number of firms in the range. For the firms that indicated financing over \$1,000,000 each year and provided a specific amount, the specific amounts were used for the statistical analysis.

Total Estimated Projected Financing Requirements for 64 Firms Who Responded: 2008 to 2012

| Projected Financing Requirements | Year | | | | | Total |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | |
| Under \$50,000 | \$450,000 | \$350,000 | \$300,000 | \$250,000 | \$275,000 | \$1,625,000 |
| \$50,000-\$99,999 | \$149,999 | \$299,998 | \$374,998 | \$374,998 | \$299,998 | \$1,499,990 |
| \$100,000-\$249,999 | \$1,049,997 | \$1,224,997 | \$874,998 | \$349,999 | \$524,999 | \$4,024,989 |
| \$250,000-\$499,999 | \$1,874,998 | \$2,249,997 | \$1,499,998 | \$749,999 | \$375,000 | \$6,749,991 |
| \$500,000-\$999,999 | \$1,499,999 | \$0 | \$750,000 | \$750,000 | \$1,499,999 | \$4,499,997 |
| \$1,000,000 or more | \$8,750,000 | \$42,500,000 | \$26,250,000 | \$23,625,000 | \$13,875,000 | \$115,000,000 |
| Total | \$13,774,992 | \$46,624,991 | \$30,049,992 | \$26,099,995 | \$16,849,995 | \$133,399,966 |

It is possible to project the total financing requirements of all 230 active Inuit Firms based on those who responded to the survey. The calculation for the total number of borrowers by range and year is shown in the table below.

Projected Number of Firms and Financing Requirements from 2008 to 2012

| Projected Financing Requirements | Year | | | | | | | | | |
|----------------------------------|------------|---------------|------------|---------------|------------|---------------|-----------|---------------|-----------|---------------|
| | 2008 | | 2009 | | 2010 | | 2011 | | 2012 | |
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| Under \$50,000 | 65 | 45.0% | 50 | 34.1% | 43 | 32.4% | 36 | 37.0% | 40 | 40.7% |
| \$50,000-\$99,999 | 7 | 5.0% | 14 | 9.8% | 18 | 13.5% | 18 | 18.5% | 14 | 14.8% |
| \$100,000-\$249,999 | 22 | 15.0% | 25 | 17.1% | 18 | 13.5% | 7 | 7.4% | 11 | 11.1% |
| \$250,000-\$499,999 | 18 | 12.5% | 22 | 14.6% | 14 | 10.8% | 7 | 7.4% | 4 | 3.7% |
| \$500,000-\$999,999 | 7 | 5.0% | 0 | 0.0% | 4 | 2.7% | 4 | 3.7% | 7 | 7.4% |
| \$1,000,000 or more | 25 | 17.5% | 36 | 24.4% | 36 | 27.0% | 25 | 25.9% | 22 | 22.2% |
| Total | 144 | 100.0% | 147 | 100.0% | 133 | 100.0% | 97 | 100.0% | 97 | 100.0% |

2008 Inuit Firm Registry Survey – Final Report

Based on the figures from the previous table, the total projected financing requirements of all 230 Inuit firms would be:

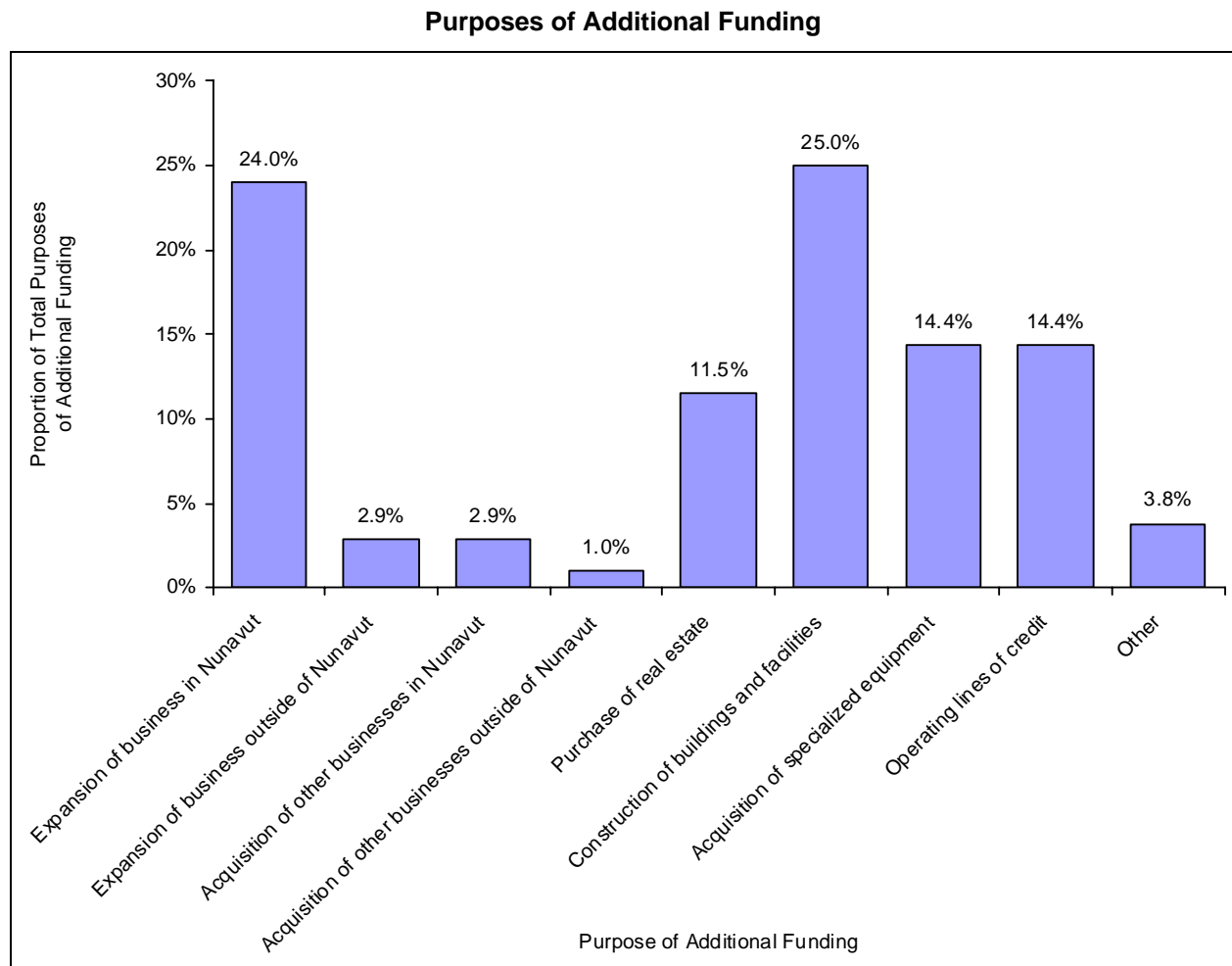
Total Estimated Projected Financing Requirements for all IFR Firms: 2008 to 2012

| Projected Financing Requirements | Year | | | | | Total |
|----------------------------------|---------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | |
| Under \$50,000 | \$1,617,187 | \$1,257,812 | \$1,078,125 | \$898,437 | \$988,281 | \$5,839,843 |
| \$50,000-\$99,999 | \$539,059 | \$1,078,118 | \$1,347,647 | \$1,347,647 | \$1,078,118 | \$5,390,589 |
| \$100,000-\$249,999 | \$3,773,427 | \$4,402,331 | \$3,144,522 | \$1,257,809 | \$1,886,713 | \$14,464,802 |
| \$250,000-\$499,999 | \$6,738,272 | \$8,085,927 | \$5,390,618 | \$2,695,309 | \$1,347,654 | \$24,257,780 |
| \$500,000-\$999,999 | \$5,390,621 | \$0 | \$2,695,311 | \$2,695,311 | \$5,390,621 | \$16,171,864 |
| \$1,000,000 or more | \$31,445,313 | \$152,734,375 | \$94,335,938 | \$84,902,344 | \$49,863,281 | \$413,281,250 |
| Total | \$49,503,879 | \$167,558,563 | \$107,992,160 | \$93,796,857 | \$60,554,669 | \$479,406,128 |

These statistics show the potential financing requirement for businesses would be between \$49,503,879 and \$167,558,563 per year, or a total of \$479,406,128 over five years. However, this total may be inflated, as it is not known whether all of the firms who did not respond are still active, or what their financing requirements are.

5.2.3. Purpose of Additional Funding

The firms were asked to indicate the purposes for which they would require the additional funds. The largest proportion was for the construction of buildings and facilities (25.0%), followed closely by expansion of existing business activities in Nunavut (24.0%), acquisition of specialized equipment (14.4%), operating lines of credit (14.4%), and purchase of real estate (11.5%). This is shown in the following chart.

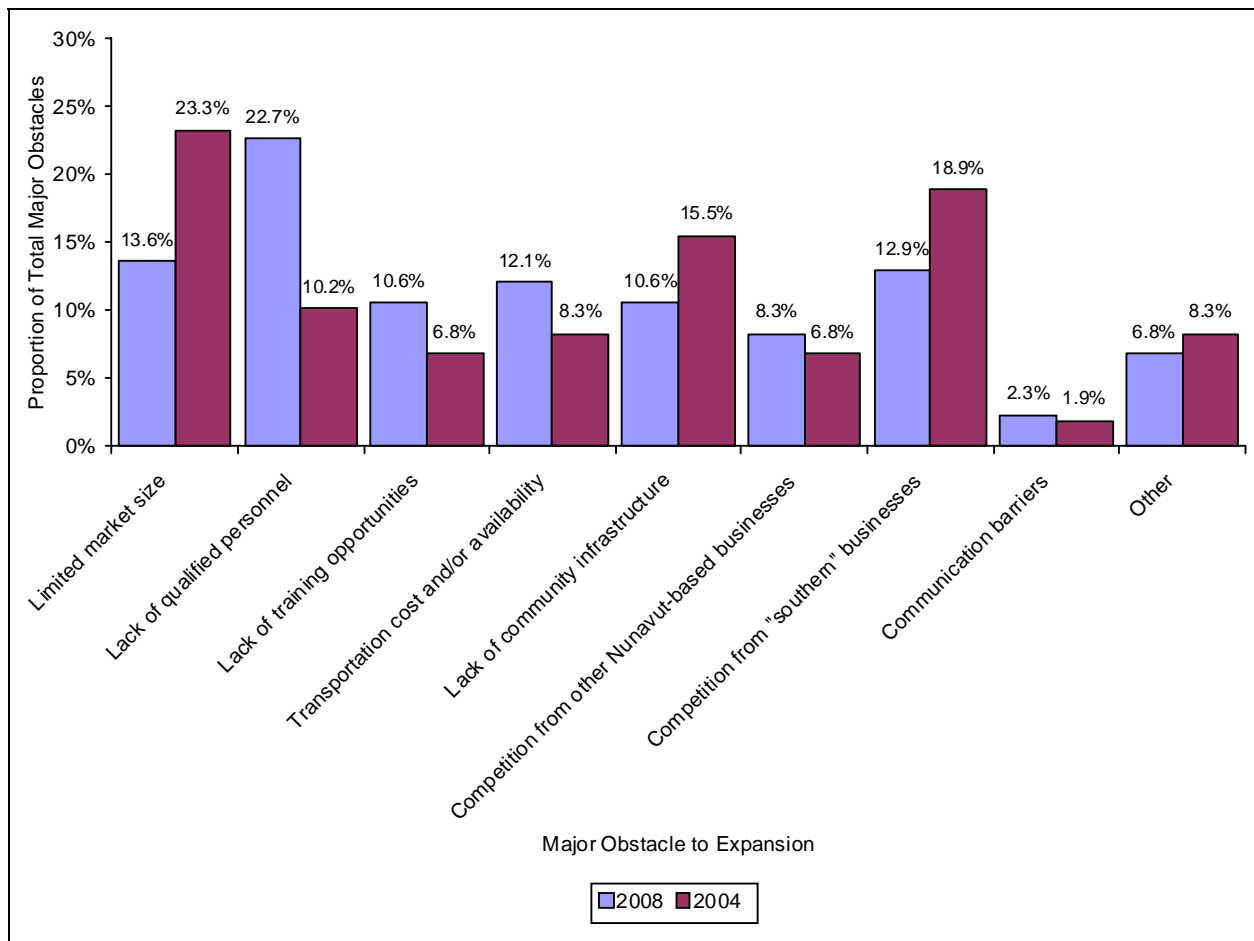


One response in the “other” category was “to hire a part-time accountant”.

5.2.4. Major Obstacles to Business Expansion

Businesses were asked about major obstacles they faced in expanding their business. The largest obstacle identified was the lack of qualified personnel (22.7%). Other significant obstacles included market size (13.6%), competition from southern businesses (12.9%) and transportation cost and/or availability (12.1%). Comparing the 2008 responses to 2004, lack of qualified personnel has become a bigger obstacle. Other business obstacles that increased during this period were lack of training opportunities and transportation cost/availability. Interestingly, there was a slight increase in those listing competition from other Nunavut-based businesses as an obstacle while fewer listed competition from southern-based businesses as an obstacle.

Major Obstacles to Expansion



Some other major obstacles reported by respondents include:

- Access to capital;
- Issues with Government;
- Lack of information; and
- Lack of business.

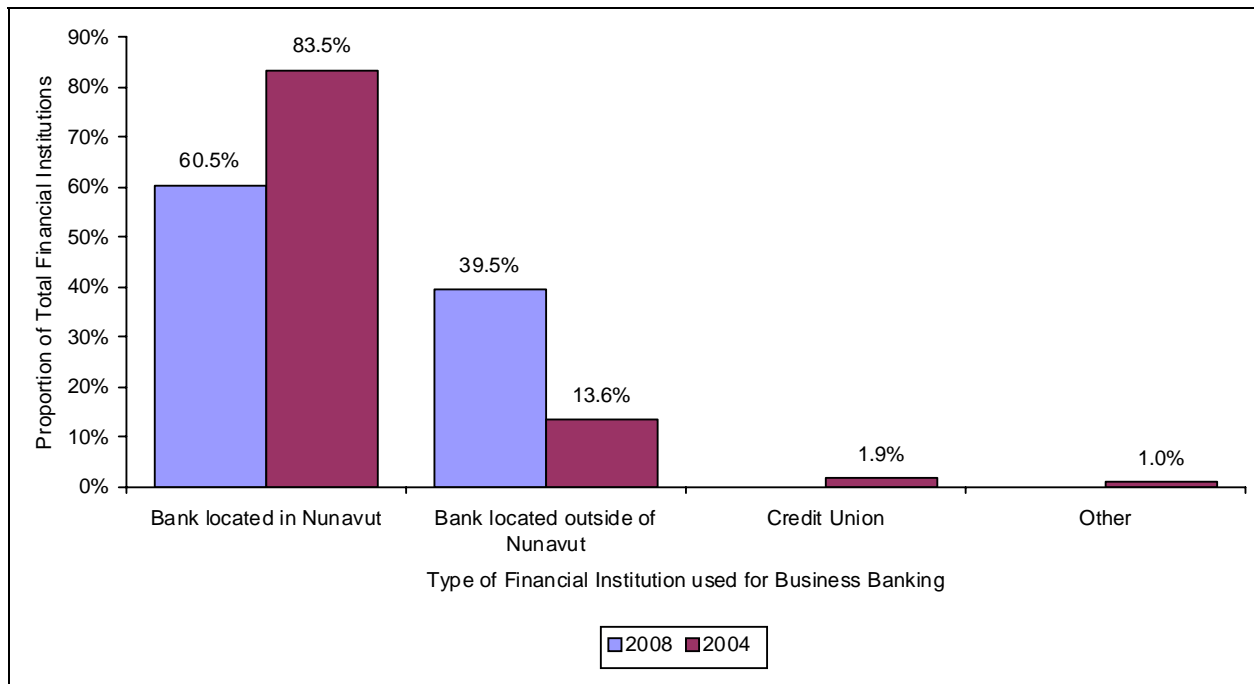
5.3. Borrowing and Banking Experiences

This section of the survey asked respondents about the financial institutions used for business banking, challenges in accessing financial products and services, funding organizations previously accessed, financial products and services required and used, and satisfaction with funding and financial organizations.

5.3.1. Financial Institutions used for Business Banking

The firms were asked to indicate the various types of financial institutions where they do business banking, picking from these five options: bank located in Nunavut, bank located outside of Nunavut, Credit Union, Trust Company and Other. The majority of business banking (60.5%) is done through a bank located in Nunavut, while 39.5% of banking is done through a bank located outside of Nunavut. None of the respondents do any current business banking with a Credit Union, a Trust Company or other type of financial institution.

Financial Institutions used for Business Banking in 2008 and 2004



For comparison, in 2004, 83.5% of business banking was done through a bank in Nunavut whereas only 13.6% was done through a bank outside of Nunavut. This would seem to indicate that, if these responses are representative, there has been a trend to take business banking outside of Nunavut since 2004. Also, none of the respondents in 2008 used a Credit Union whereas a small number (1.9%) used a Credit Union in 2004.

5.3.2. Challenges in Accessing Financial Products and Services

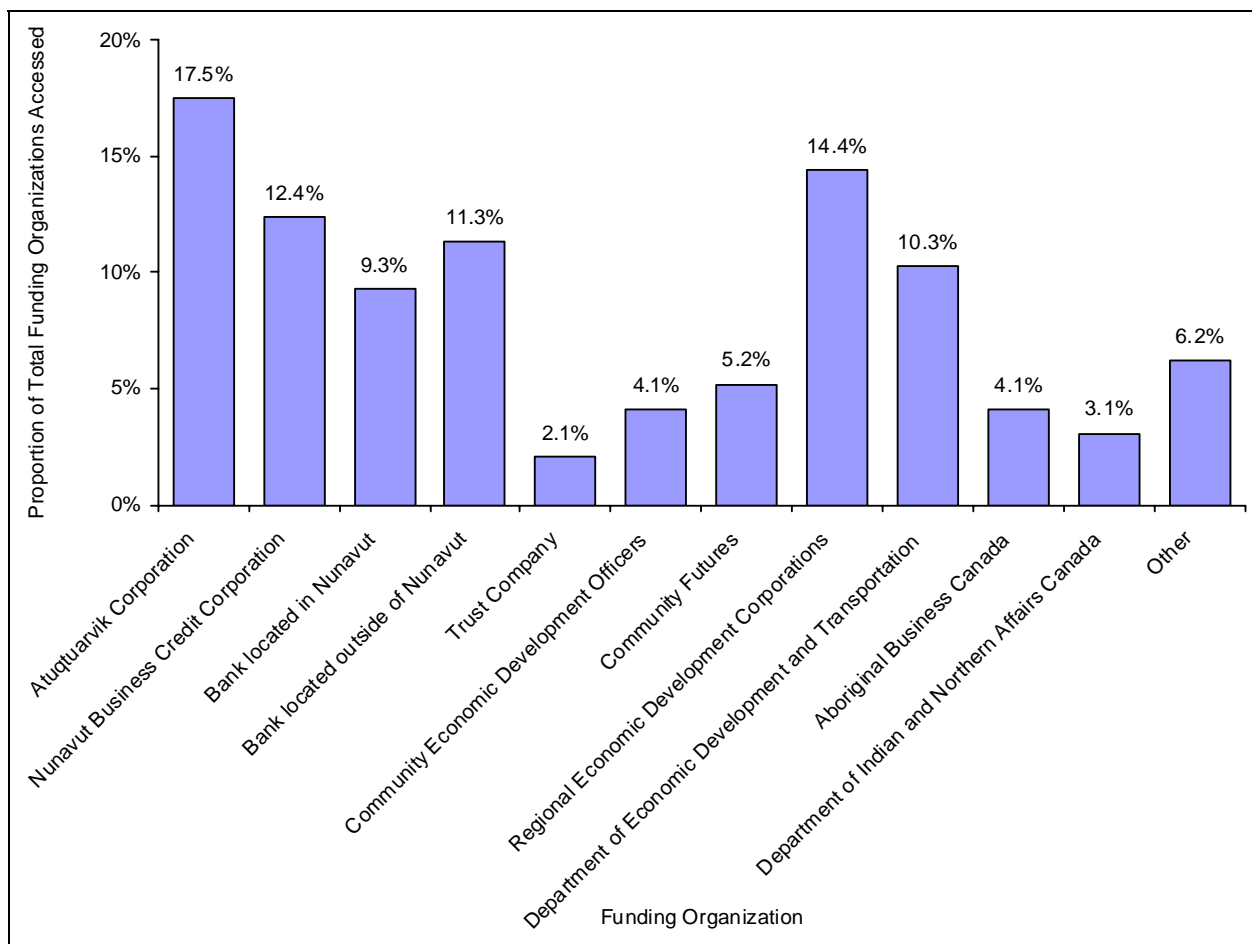
Firms were asked to list the challenges they face when accessing financial products and services. In total, 39 comments were provided by 37 respondents. Of these, 15 (38.5%) stated that they had no challenges. However, the remaining 61.5% provided comments which can be grouped under two main categories:

- **Eligibility Issues:** 14 stated that they could not access financing for business expansion, to redeem preferred shares, or for a line of credit. Some respondents said that Banks held them to “southern standards’ when evaluating requests, or required personal guarantees; that they did not have sufficient assets to meet requirements; and that loans were expensive. Two respondents stated that while they had no challenges with their current banking institutions, they did not fit the criteria for financing from their beneficiary organizations. One respondent stated that their business was too new, and another reported they had bad credit. One respondent said “booking, financial forecast” which is unclear but may indicate lack of bookkeeping and the ability to do proper financial forecasting.
- **No local banking:** 10 respondents stated that having no bank in their community was a problem and several stated that this made banking inconvenient, for example to obtain money orders, and they had to use phone, Internet, couriers and planes.

5.3.3. Funding Organizations Accessed

The firms were asked to indicate all organizations that they had accessed for financing and funding in the past three years. The most-accessed organizations, in order, were Atuqtuarvik Corporation (17.5%), Regional Economic Development Corporations (14.4%), Nunavut Business Credit Corporation (12.4%), a bank located outside of Nunavut (11.3%) and the Government of Nunavut's Department of Economic Development & Transportation (10.3%). None of the respondents said that they had accessed funding through a Credit Union in the past three years.

Funding Organizations Accessed from 2005 to 2008

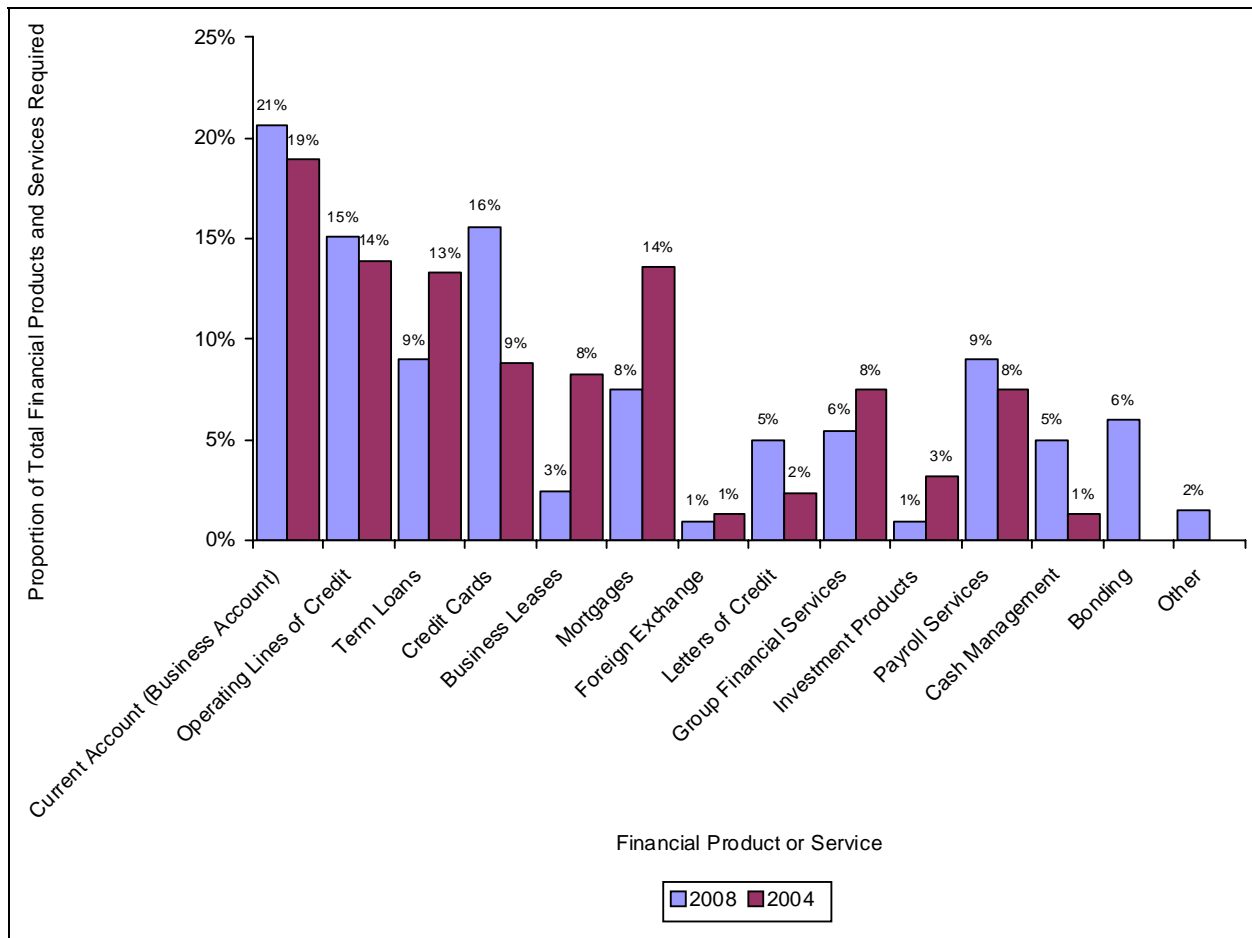


6.2% of funding organizations accessed were listed as “Other”. The following funding organizations were specified by respondents: Joint Venture owner; Nunavut Film; Nunavut Implementation Training Committee (NITC); Personal loan from shareholders; and UMC Finance Co.

5.3.4. Financial Products and Services Required

Of all the financial products and services businesses required, a current account was the most frequent (20.6%), followed by credit cards (15.6%), operating lines of credit (15.1%), payroll services (9.0%), term loans (9.0%) and mortgages (7.5%). The graph below shows the proportion of each financial product and service required. There were significant increases from 2004 to 2008 in requirements for credit cards, letters of credit, and cash management. On the other hand, there were some declines in requirements for term loans, business leases, mortgages and investment products.

Financial Products and Services Required in 2008 and 2004³

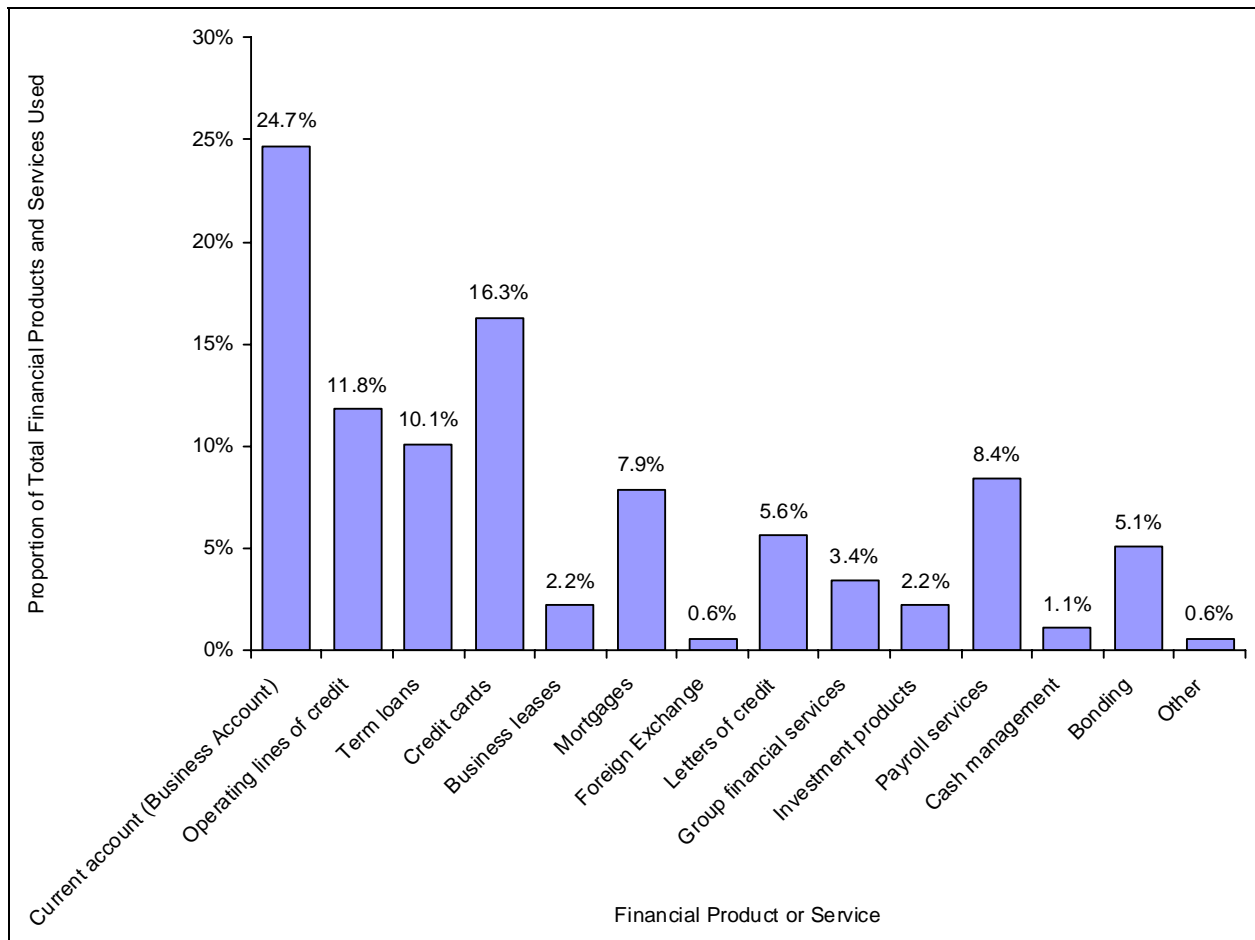


³ Bonding was not provided as a potential choice in 2004.

5.3.5. Financial Products and Services Used

Of financial products and services the businesses had used in the last three years, a current account was the most common (24.7%), followed by credit cards (16.3%), operating lines of credit (11.8%), term loans (10.1%), payroll services (8.4%), and mortgages (7.9%). The graph below shows the proportion of each financial product and service used by respondents.

Financial Products and Services Used in the Past Three Years



5.3.6. Satisfaction with Funding Organizations

Respondents were asked to rate their overall satisfaction with previous dealings with various funding organizations⁴. Atuqtuarvik Corporation is ranked first with the highest satisfaction score (4.50, or excellent). The three lowest-ranking funding organizations based on the respondent’s satisfaction ratings were: Credit Union (3.00), Nunavut Business Credit Corporation (2.93) and Trust Company (2.50).⁵ The following table ranks the funding organizations based on their satisfaction score in order from highest to lowest.

Satisfaction with Funding Organizations

| Rank | Funding Organization | Score | Total Responses |
|----------------------|---|-------------|-----------------|
| 1 | Atuqtuarvik Corporation | 4.50 | 20 |
| 2 | Regional Economic Development Corporations | 4.21 | 19 |
| 3 | Community Futures | 4.00 | 8 |
| 4 | Department of Indian and Northern Affairs Canada | 3.90 | 10 |
| 5 | Department of Economic Development and Transportation | 3.71 | 14 |
| 6 | Aboriginal Business Canada | 3.60 | 10 |
| 7 | Community Economic Development Officers | 3.54 | 13 |
| 8 | Bank located in Nunavut | 3.51 | 41 |
| 9 | Bank located outside of Nunavut | 3.48 | 27 |
| 10 | Credit Union | 3.00 | 3 |
| 11 | Nunavut Business Credit Corporation | 2.93 | 14 |
| 12 | Trust Company | 2.50 | 2 |
| N/A | Other | 4.25 | 4 |
| Average Score | | 3.63 | 185 |

Additional comments provided by respondents include:

- There was support from the local business licensing office for NTI & NNI registration.
- In general, frequent changes to staff mean starting from scratch in getting funding, reporting on it and following up on getting final hold-back funds.

⁴ Respondents were asked to rate their satisfaction on a scale of 1 to 5, 1 being “Poor” and 5 being “Excellent”. The satisfaction score is the average of all respondents’ rating for each funding organization previously accessed. The highest possible satisfaction score is 5 and the lowest possible satisfaction score is 1. For example, a satisfaction score of 4.50 is considered excellent, whereas a score of 3.00 is considered adequate.

⁵ Note that as reported in section 5.3.1 above, none of the respondents had used Credit Unions or Trust Companies in the past three years. Therefore their satisfaction rating may be based on previous experience before that period or on some other factor, however this is not clear. The same comment applies to some of the satisfaction ratings below.

5.3.7. Satisfaction with Financial Organizations

Respondents were asked to rate their satisfaction in dealing with various financial organizations, based on various criteria, on a scale from 1 to 5, 1 being Poor and 5 being Excellent. The following tables rank the financial and funding organizations on each of these criteria, based on their satisfaction score.

Satisfaction with Financial Organizations’ Overall Quality of Service

| Rank | Financial Organizations’ Overall Quality of Service | Score | Total Responses |
|----------------------|---|-------------|-----------------|
| 1 | Community Futures | 4.80 | 5 |
| 2 | Atuqtuarvik Corporation | 4.25 | 20 |
| 3 | Banks | 3.96 | 49 |
| 4 | Regional Economic Development Corporations | 3.88 | 17 |
| 5 | Credit Union | 3.00 | 1 |
| 5 | Trust Company | 3.00 | 1 |
| 7 | Nunavut Business Credit Corporation | 2.93 | 14 |
| 8 | Community Economic Development Officers | 2.25 | 12 |
| Average Score | | 3.51 | 119 |

As shown in the above table, Community Futures ranked highest for “overall quality of service”, followed by Atuqtuarvik Corporation and Banks.

Satisfaction with Financial Organizations’ Range of Services

| Rank | Financial Organizations’ Range of Services | Score | Total Responses |
|----------------------|--|-------------|-----------------|
| 1 | Community Futures | 4.40 | 5 |
| 2 | Atuqtuarvik Corporation | 4.26 | 19 |
| 3 | Banks | 3.67 | 48 |
| 4 | Regional Economic Development Corporations | 3.63 | 16 |
| 5 | Credit Union | 3.00 | 1 |
| 6 | Nunavut Business Credit Corporation | 2.83 | 12 |
| 7 | Community Economic Development Officers | 2.30 | 10 |
| 8 | Trust Company | 2.00 | 1 |
| Average Score | | 3.26 | 112 |

Community Futures ranked highest for “range of services”, followed by Atuqtuarvik Corporation and Banks.

Satisfaction with Financial Organizations’ Availability and Quality of Personal Service

| Rank | Financial Organizations’ Availability and Quality of Personal Service | Score | Total Responses |
|----------------------|---|-------------|-----------------|
| 1 | Atuqtuarvik Corporation | 4.50 | 18 |
| 2 | Community Futures | 4.17 | 6 |
| 3 | Banks | 3.81 | 48 |
| 4 | Regional Economic Development Corporations | 3.25 | 16 |
| 5 | Credit Union | 3.00 | 1 |
| 5 | Trust Company | 3.00 | 1 |
| 7 | Nunavut Business Credit Corporation | 2.25 | 12 |
| 8 | Community Economic Development Officers | 2.20 | 10 |
| Average Score | | 3.27 | 112 |

Atuqtuarvik Corporation ranked highest for “availability and quality of personal service”, followed by Community Futures and Banks.

Satisfaction with Financial Organizations’ Response to Specific Needs

| Rank | Financial Organizations’ Response to Specific Needs | Score | Total Responses |
|----------------------|---|-------------|-----------------|
| 1 | Atuqtuarvik Corporation | 4.42 | 19 |
| 2 | Community Futures | 4.33 | 6 |
| 3 | Credit Union | 4.00 | 1 |
| 4 | Regional Economic Development Corporations | 3.76 | 17 |
| 5 | Banks | 3.69 | 45 |
| 6 | Community Economic Development Officers | 2.70 | 10 |
| 7 | Nunavut Business Credit Corporation | 2.50 | 12 |
| Average Score | | 3.63 | 110 |

Atuqtuarvik Corporation ranked highest for “response to specific needs”, followed by Community Futures and Credit Unions.

Satisfaction with Financial Organizations’ Ease of Application Process

| Rank | Financial Organizations’ Ease of Application Process | Score | Total Responses |
|----------------------|--|-------------|-----------------|
| 1 | Atuqtuarvik Corporation | 4.33 | 18 |
| 1 | Community Futures | 4.33 | 6 |
| 3 | Regional Economic Development Corporations | 3.80 | 15 |
| 4 | Banks | 3.57 | 44 |
| 5 | Community Economic Development Officers | 2.63 | 8 |
| 6 | Nunavut Business Credit Corporation | 2.55 | 11 |
| 7 | Credit Union | 2.00 | 1 |
| 8 | Trust Company | 2.00 | 1 |
| Average Score | | 3.15 | 104 |

Atuqtuarvik Corporation and Community Futures ranked highest for “ease of application process”, followed by Regional Economic Development Corporations.

Satisfaction with Financial Organizations’ Efficiency of Application Process

| Rank | Financial Organizations’ Efficiency of Application Process | Score | Total Responses |
|----------------------|--|-------------|-----------------|
| 1 | Atuqtuarvik Corporation | 4.56 | 18 |
| 2 | Community Futures | 4.00 | 6 |
| 3 | Regional Economic Development Corporations | 3.73 | 15 |
| 4 | Banks | 3.67 | 43 |
| 5 | Nunavut Business Credit Corporation | 2.64 | 11 |
| 6 | Community Economic Development Officers | 2.38 | 8 |
| 7 | Trust Company | 2.00 | 1 |
| 8 | Credit Union | 1.00 | 1 |
| Average Score | | 3.00 | 103 |

Atuqtuarvik Corporation ranked highest for “efficiency of application process”, followed by Community Futures and Regional Economic Development Corporations.

Satisfaction with Financial Organizations’ Fair Consideration of Application

| Rank | Financial Organizations’ Fair Consideration of Application | Score | Total Responses |
|----------------------|--|-------------|-----------------|
| 1 | Atuqtuarvik Corporation | 4.50 | 18 |
| 2 | Community Futures | 4.33 | 6 |
| 3 | Regional Economic Development Corporations | 3.87 | 15 |
| 4 | Banks | 3.84 | 43 |
| 5 | Community Economic Development Officers | 3.00 | 8 |
| 5 | Trust Company | 3.00 | 1 |
| 7 | Nunavut Business Credit Corporation | 2.82 | 11 |
| 8 | Credit Union | 2.00 | 1 |
| Average Score | | 3.42 | 103 |

Atuqtuarvik Corporation ranked highest for “fair consideration of application”, followed by Community Futures and Regional Economic Development Corporations.

Satisfaction with Financial Organizations’ Aftercare Support

| Rank | Financial Organizations’ Aftercare Support | Score | Total Responses |
|----------------------|--|-------------|-----------------|
| 1 | Atuqtuarvik Corporation | 4.47 | 17 |
| 2 | Community Futures | 3.67 | 6 |
| 3 | Banks | 3.65 | 43 |
| 4 | Regional Economic Development Corporations | 3.21 | 14 |
| 5 | Community Economic Development Officers | 2.71 | 7 |
| 6 | Trust Company | 2.00 | 1 |
| 7 | Nunavut Business Credit Corporation | 1.91 | 11 |
| 8 | Credit Union | 1.00 | 1 |
| Average Score | | 2.83 | 100 |

Atuqtuarvik Corporation ranked highest for “aftercare support”, followed by Community Futures and Banks.

In summary, the results from the above tables of satisfaction ratings for products and services show that Atuqtuarvik Corporation is ranked first on 6 of 8 individual aspects. These are: efficiency of application process (4.56), fair consideration of your application (4.50), availability and quality of personal service (4.50), aftercare support (4.47), response to your specific needs (4.42), and ease of application process (4.33 – tied with Community Futures).

Community Futures ranked first on two aspects: the overall quality of service (4.80) and the range of services provided (4.40). As noted above, they are also tied with Atuqtuarvik Corporation for first for ease of application process (4.33).

Banks are ranked first with a satisfaction score of 3.79 for the availability of automated services, while credit unions had a satisfaction score of 3.00.

Satisfaction with Availability of Automated Services

| Rank | Financial Organizations’ Availability of Automated Services | Score | Total Responses |
|----------------------|---|-------------|-----------------|
| 1 | Banks | 3.79 | 43 |
| 2 | Credit Union | 3.00 | 1 |
| Average Score | | 3.40 | 44 |

The respondents were also given the opportunity to provide comments on any of the financial organizations and their products and services, resulting in the following:

- Atuqtuarvik Corporation:
 - AC understands the economic and business environment in the North.
 - Approached AC, and was referred to government programs or a bank first.

- Nunavut Business Credit Corporation:
 - Poorly managed (2).
 - Applied for funds over a year ago and still haven't gotten a response.
 - Errors in calculating interest, bank debits, lack of response to inquiries, delinquent removal of debt from records.
 - We did not receive a re-payment schedule for over a year and then only after we pushed to get one.
- Banks:
 - Only online banking is available.
 - Interest rates are too high.
- Community Economic Development Officers:
 - Did not find CEDO knowledgeable or efficient.
- Community Futures:
 - BBDC seems very professional and well organized.
 - Great people to work with, knowledgeable and consistent staff.
- Regional Economic Development Corporations:
 - Kakivak seems very professional and well organized.
 - Knowledgeable and consistent staff.

5.3.8. Satisfaction with Automated Banking Products and Services

About two-thirds (65.6%) of respondents had used automated banking services, including telephone and/or Internet banking, and they rated their experience on various aspects. The ratings were between 3.85 (efficiency) and 3.70 (availability), as the following table shows.

Satisfaction with Automated Banking Products or Services

| Rank | Satisfaction with Automated Banking Products or Services | Score | Total Responses |
|----------------------|--|-------------|-----------------|
| 1 | Efficiency of service | 3.85 | 40 |
| 2 | Overall quality of service | 3.83 | 42 |
| 3 | Ease of use | 3.80 | 41 |
| 4 | Range of services provided | 3.71 | 41 |
| 5 | Availability of service | 3.70 | 40 |
| Average Score | | 3.78 | N/A |

One respondent stated that they have had issues with automated payroll, etc., but that it usually gets remedied at some point.

5.4. Interest in Nunavut-based First Nations Bank of Canada

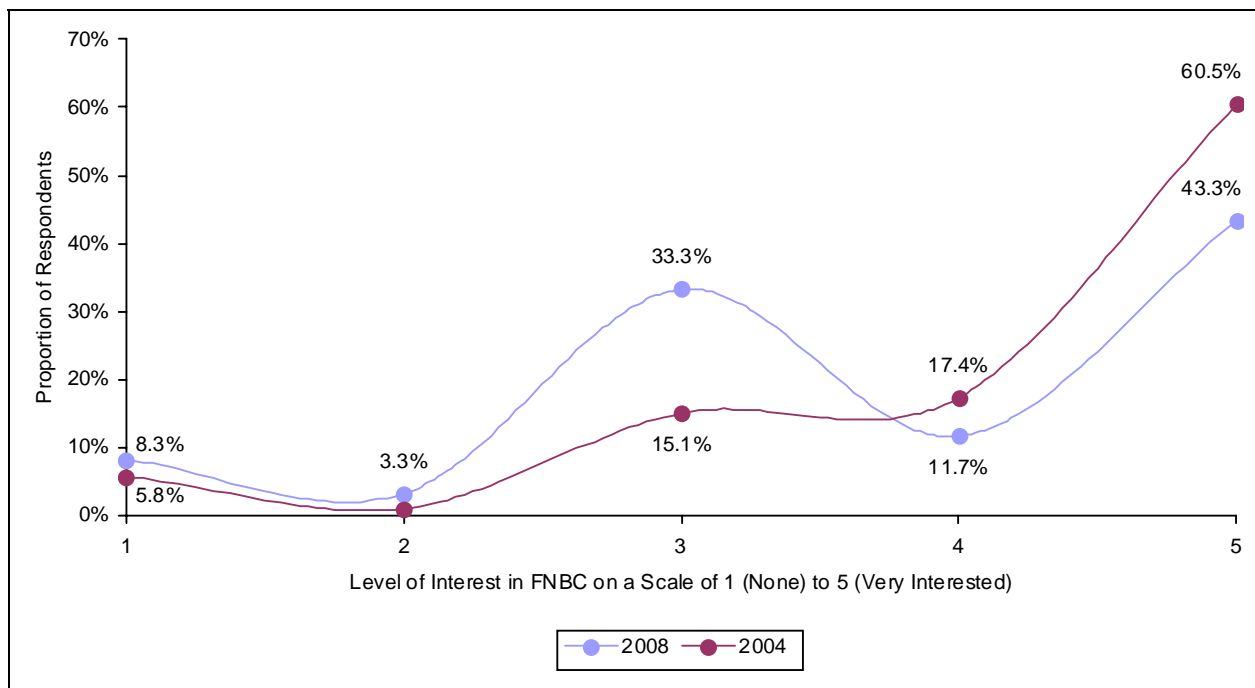
The last section of the survey asked respondents to comment on their level of interest in the First Nations Bank of Canada, required products and services, and projected use of the First Nations Bank of Canada (FNBC).

5.4.1. Level of Interest in First Nations Bank of Canada

On a scale of 1 to 5, respondents' average level of interest in a Nunavut-based FNBC is 3.78. A total of 88.3% of respondents are somewhat to very interested in a Nunavut-based FNBC (43.3% were very interested, 11.7% were more than somewhat but less than very interested, and 33.3% were somewhat interested). Only 8.3% of respondents said they had no interest.

In 2004, the level of interest in a Nunavut-based financial institution was slightly higher - a total of 93.0% of respondents were somewhat to very interested (60.5% were very interested, 15.1% were more than somewhat but less than very interested and 17.4% were somewhat interested). Only 5.3% said they had no interest. This slight change in level of interest combines with the fact that there appears to have been a trend to migrate business banking outside of Nunavut. The chart below compares interest in 2008 to interest in 2004.

Level of Interest in FNBC in 2008 and 2004



Additional comments on their interest in the FNBC were provided by 20 respondents:

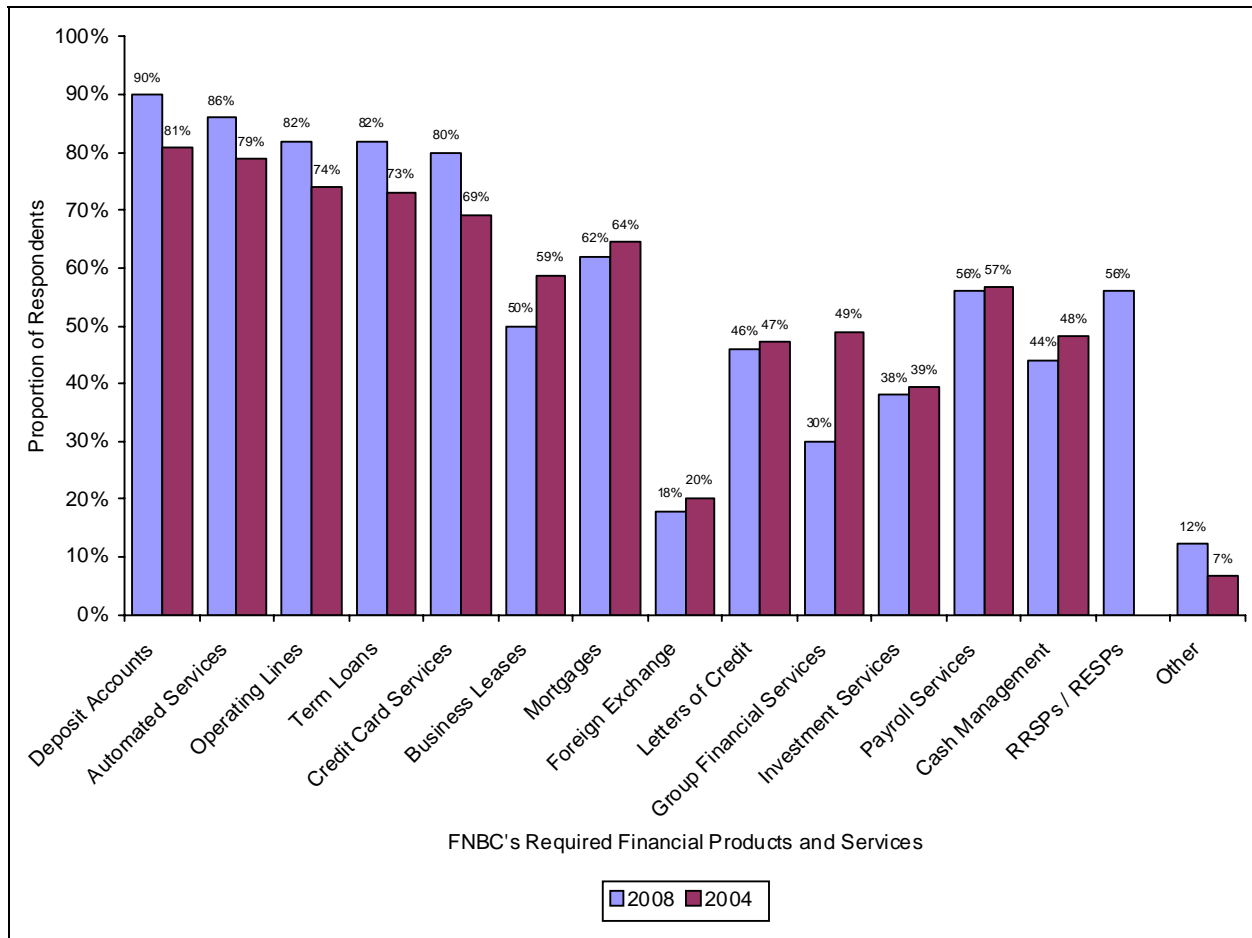
- **Conditional Interest:** 10 respondents stated that they would be interested if the bank was located in their community: a number commented that they would transfer their business to a Nunavut-based bank if it was in their community (Rankin Inlet and Arviat were specifically mentioned by several).
- **Definite Interest:** 5 respondents indicated that they would likely use the new bank. Of these, one said it would help to expand their business, one urged the new bank to hurry, and two said that it should be competitive, e.g. for interest rates. One said that as an Inuit corporation they looked forward to doing business together.
- **Uncertain of Interest:** 5 respondents were unsure if they would use FNBC. They are happy with their current bank but interested in what FNBC has to offer.

5.4.2. First Nations Bank of Canada's Required Products and Services

Firms were asked what products and services should be offered by a Nunavut-based FNBC. In order, the most interest was in deposit accounts (90.0%), followed by automated services (86.0%), operating lines and term loans (82.0%) and credit card services (80.0%). Investment services (38.0%) and group financial services (30.0%) were somewhat less popular products and services. There was little interest in foreign exchange (18.0%).

The chart below shows the interest in various products and services in 2008, compared to 2004.

FNBC's Required Financial Products and Services in 2008 and 2004⁶



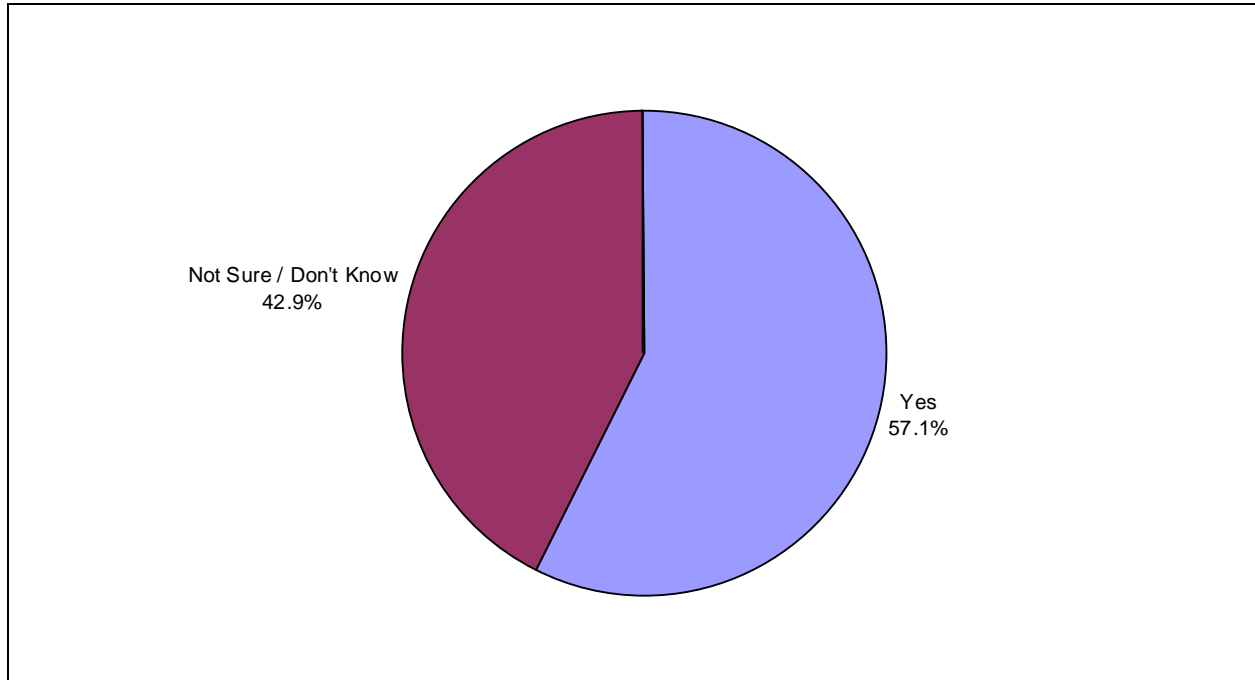
The changes have been increased interest in deposit accounts, automated services, operating lines, term loans and credit card services and a major decline in interest in business leases and group financial services.

⁶ “RRSPs / RESPs” was not offered as a potential choice in 2004. Also, in 2004, FNBC was not named, but was referred to as a “Nunavut-based financial institution”.

5.4.3. Use of First Nations Bank of Canada

The final question asked respondents if they would conduct their business banking at FNBC if their required products and services were offered. A total of 87.5% of respondents answered this question. Of these, 57.1% said they would conduct their business banking at FNBC, while 42.9% were unsure.

“Would you conduct your business banking through FNBC?”



Respondents made the following comments:

- Would be a Board decision.
- Depends on service, products or location.
- Definitely in favour.
- Would prefer another type of financial institution.

6. CONCLUSION

There has been an increase in the number of businesses operating in more than one sector, which indicate that Nunavut firms are diversifying. More than two thirds of firms operate in only one region. About one-third of businesses plan to expand, with most of them (85.0%) to one region. There also appears to have been a slight trend towards increasing services to markets outside Nunavut.

Businesses employ significant numbers of employees, including Beneficiaries, and annual sales were reported by 40.7% of respondents to be over \$1,000,000. There is a major trend towards sub-contracting **from** non-Inuit firms since 2004, while there is also a trend away from sub-contracting **to** non-Inuit owned firms or full partnerships with non-Inuit-owned firms over the same period.

Over half of the firms (56.3%) received financing between 2005-2007. Around two-fifths received under \$50,000 per year, while close to one fifth received over \$1,000,000. The majority of respondents (64.1%) indicated projected financing requirements. About half will require under \$100,000 per year over the next five years, a quarter will require more than \$1,000,000 per year and a few larger firms will require much more than this.

The total financing requirements for the 64 firms who responded to this survey would range from \$13.8 million to \$46.6 million per year, for a total of \$133.4 million over the next five years. The total financing requirements for **all** 230 IFR firms would range from \$49.5 million to \$167.5 million per year, for a total of \$479.4 million over the next five years. Major financing requirements are for construction of buildings and facilities, business expansion in Nunavut, and acquisition of equipment, operating lines of credit and purchase of real estate.

The majority of business banking (60.5%) is done through a bank located in Nunavut, while the rest (39.5%) is done through a bank located outside of Nunavut. For three-fifths of respondents who had faced challenges obtaining financing, the most common were eligibility issues (e.g. meeting criteria for financing) and the lack of a local bank in their community. Most common financial products and services required included a current account, credit cards, operating lines of credit, payroll services, term loans and mortgages. Atuqtuarvik Corporation products and services are most highly rated overall, and there is significant interest in the First Nations Bank of Canada, with more than half the firms stating that they would use the FNBC if the products and services meet their requirements.