

1.0 EXECUTIVE SUMMARY

Principals are proposing to establish a Convenience Store / Gas Bar carrying on business as REZ Gas Bar. Principals is a 38 year old member of the Tribal First Nation of Grand Council Treaty #3 and Principals is 35 years old and also a member of the First Nation. They will operate the business as a family business including both owners and two teenage children. The proposed venture will be located in Tribal First Nation, Ontario on Highway 11 East of Fort Frances. The mailing address is as follows:

123 Main Street
Fort Frances, Ontario P9A 3M3
(807) 274-1234

The business is anticipated to be open on November 1, 2008 and will be operated as a sole proprietorship.

The market area is primarily Tribal First Nation, Hamlet and Town. The 1000 people market area has on reserve population in these First Nations as 500, 300, and 200, respectively. The market area will to a smaller degree include the hamlets of suburb1 and suburb2 and traveler traffic. Primary research includes estimates from these sources.

REZ will focus on the sale of tax free gas and tobacco and the provision of convenience items. In addition, he will enter into a service agreement to locate 4 arcade machines in the building.

Financing of the business in the amount of \$97,500 includes cash equity of \$12,813 and \$1,250 coming from operations for Business Support. They will seek a grant of \$32,100 from Aboriginal Business Canada's ABDP Strategy. The grant will include capital and operating of \$27,150, marketing of \$1,200, and business support of \$3,750. The Rainy Lake Tribal Area Business and Financial Service Corporation will provide commercial financing of \$51,337 over 5 years at 11%. The financing will provide building improvements, startup and operating costs, inventory, marketing and business support.

The business anticipates sales of approximately \$634,000, \$698,000, \$769,000 during its first three years of operation. Management fees of \$21,600, \$42,000, and \$48,000 are allocated during the first three years. Net profit of \$13,000, \$67,000, and \$118,000 are anticipated during its first three years. The combination of management fees and net profits increase its chance of debt servicing, on going operations, and development.

2.0 BUSINESS: HISTORY AND ORGANIZATION

Principals are proposing to establish a Convenience Store / Gas Bar operation at a location previously used by other owners for the same type of commercial enterprises. Principals are members of the Tribal First Nation of Grand Council Treaty #3. They qualify under the General Small Business Initiative of the ABDP Program. The proposed business is to be located on the Tribal First Nation. The activity will be generally exempt from taxation with the exception of non status customers. Principals will manage the operation, and receive the required business support to ensure smooth business management.

The business will be operated under the trade name of REZ Gas Bar. The business will be operated as a sole proprietorship. The family will handle the bulk of the sales duties including two children.

REZ Gas Bar will offer prompt, efficient, and reliable service and result in a high level of customer confidence and satisfaction.

First Nation members comprise the majority of the customer base which will be complemented by nearby First Nations and area residents.

The proposed venture will be located in Tribal First Nation, Ontario along Highway 11 East of Fort Frances approximately 100 kilometers. The mailing address is as follows:

123 Main Street
Fort Frances, Ontario P9A 3M3
(807) 274-1234

The success of a Convenience Store / Gas Bar venture is dependent on several factors such as ensuring the business is open when designated and prudent financial management. Another factor is ensuring the customers have access to a variety of products and services not currently provided within the community at the right time. A final factor which will make the project a success is to ensure that the customers are treated with respect at all times. These factors will be incorporated in the business plan and subsequent business operations.

3.0 THE PROJECT

The Convenience Store / Gas Bar operation involves the development of a retail operation on the Tribal First Nation. The business will be developed on a lot used in the past for the purpose of a Convenience Store / Gas Station. The building is owned by the First Nation on a full developed lot. The lot has an adequate infrastructure in place primarily road access, hydro, telephone, high speed internet, and water and sewer services. The building is provided by the First Nation free of charge for the first 5 year period while commercial financing is being repaid.

In addition to gas and convenience items, the business will target specialty items such as diapers and hygienic items, cleaning and coffee products used by the First Nation administration. Residents must travel to other centres for these items. However, the main focus will be on the delivery of convenience and grocery items to the residents of the community. Other items such as tax-free cigarettes, and arcade type games will also be available. In addition, the business will develop a system of payment consistent with the ability of the customers to provide near cash payment by Visa or Debit services.

In order for this to happen financing is necessary for the purchase of equipment including tank and pumps, building renovations, inventory, startup, and operational costs. The business will also require business support to meet the various government regulations related to tax free and retail operations. Business Support will be purchased to include bookkeeping, addressing government regulations, and sales and operations. The client is prepared to invest \$12,813 equity into the operation.

The financing of the business is sought from Aboriginal Business Canada by a \$32,100 grant and a \$52,588 loan from Rainy Lake Tribal Area Business and Financial Services Corporation.

The building itself requires minor repairs to operate as a Convenience Store / Gas Station. The current size has the capacity to continue to do as previous operations. However, Principals will eventually add a lunch counter and arcade into the product and service sales mix. In order to do this it is necessary to expand the current size. Principals will eventually add 800 square feet of commercial space. The costs will be able to be kept to a minimum by building the addition, himself. The building will be inspected and passed by the First Nation Building Inspector.

4.0 PRODUCTS AND SERVICES

The ability to meet customers needs and wants for economic benefit is largely dependent on

GAS BAR / CONVENIENCE STORE BUSINESS PLAN

being able to achieve the right mix between the products and services the customers want and what the business can provide. Some of the things the business will provide are as follows:

The revenue streams will come from five primary areas:

- \$ Variety of Convenience and Grocery and household Products at affordable prices
- \$ Gasoline
- \$ Tobacco
- \$ Arcade

The services will include:

- \$ Visa/Mastercard
- \$ Interac
- \$ Attendant pumped gas
- \$ Cashback
- \$ Early and late hours
- \$ Delivery of some goods

The list is by no means comprehensive. It should be known that these are broad categories of basic products and services. The provision of these products will enhance the Convenience Store / Gas Bar. When operations commence, the business will employ local Ojibway people to act as part-time sales personnel. Initially, the business will be operated by Principals and his two children as clerks, with the bookkeeping firm of Maurice Filion, CA hired to providing financial record keeping.

One important aspect of this venture will be to offer what the residents want C and that is a good selection of everyday items such as bread and milk at reasonable prices. By listening to their customers= suggestions, the business will ensure every effort is made to achieve this goal. With the growth of profits, the business will continue to re-invest into the business operations. Future profits may yield support for expansion of business operations.

5.0 LOCATION

REZ Gas Bar is located along Highway 11 approximately 100 kilometers east of Fort Frances, Ontario. The store can be found by water on the shores of Rainy Lake in Any Bay. The feature that makes this a good location is the high local, visitor, and tourism traffic in the area. Tribal is a semi-isolated community with a population of approximately 200 community members. Tribal is not like most small communities. Its infrastructure includes three phase power, major highway, water and sewer services, telephone services, and high speed internet.

The site has road access, 120 watt services, and water and sewage facilities. The store is on a lot approximately 30 meters off the highway. The First Nation is located within 100 kilometers of the small hamlets of suburb1 and suburb2. The various First Nations pass through to access the nearest urban centre in Fort Frances. Highway 11 East is also a major route for First Nation people, tourism, and district residents traveling to Thunder Bay and beyond or from.

The site is also in the midst of a major tourism area within Northwestern Ontario. Many camps and accessible lakes are available in the area. Camp and cabin owners throughout Rainy Lake with its many bays and rivers can access through the First Nation.

A Convenience Store / Gas Bar in Tribal would serve two purposes C it would provide a convenience to residents who must travel off reserve for this service, and it would put money back into the community that would otherwise be spent elsewhere. Business and economic growth is a necessity for any First Nation if it is to thrive into the next century. Services most communities take for granted C such as convenience stores, gas stations, and restaurants and arcade outlets C are virtually non-existent on most First Nations.

While Tribal is a small community, they have a building specifically built for the purposes of a Convenience Store / Gas Bar. The building its self is a 24 foot by 40 foot structure. The building has a washroom facilities and storage area and office space. The building is situated on a 200 foot by 100 foot lot with an access driveway to the highway. The building is situated away from the main community and will therefore require a web cam directly to the owner's home for security purposes.

6.0 MARKET ANALYSIS

Tribal currently has no small convenience stores operating within the community. The business has no direct competition and can provide tax free goods. Much of the business goes directly into the Town of Fort Frances. Residents receive their gas primarily from the Couchiching First Nation approximately 100 kilometers away. Providing gasoline services will give the new business a competitive advantage. The majority of grocery items are purchased outside of the community, however. Because of the close proximity of the business to their homes, the use of outside service in this area will be reduced and create a community economic benefit.

The market area is primarily other First Nations and visitors. The on reserve population of these First Nations are 500, 300, and 200, respectively. The market area will to a smaller degree include the hamlets of suburb1 and suburb2 and traveler traffic. Primary research includes estimates from these sources.

GASOLINE

Gasoline volumes are estimated to be approximately 5,000 litres on a weekly basis according to supplier sources. The monthly amount is times 4.3 or 21,500 litres. The average price per litre is \$1.36 indicating annual sales of \$350,880. See supplier quote as Appendix 'A'.

CONVENIENCE AND CONFECTIONS

According to Statistics Canada, our secondary research indicates the following analysis serves as the market information:

Average weekly household food expenditure	123.76
Less: restaurant purchases	37.52
Food Purchased from stores*	86.24
17.8% convenience store purchases	15.35*

The total convenience store purchases per household for communities with a 2.57 density, is \$15.35.

The average weekly revenue from a community the size of Tribal's on reserve population of 134 is \$800 per week.

- 17.8% is the purchase from convenience stores the remaining from supermarkets which was taken from Statistics Canada "Retail Trade, operating statistic..."

Previous estimates obtained from the previous clerk indicate that sales of \$300 per day were still occurring while no gas was sold. This would put convenience sales at \$109,200 which would seem to be a conservative estimate.

TOBACCO QUOTA

The First Nation has indicated a willingness to provide a letter to the supplier to enable REZ Gas Bar to sell tax free cigarettes and products. The letter will give the authority to sell tobacco products locally on the First Nation. The First Nation had previously provided other First Nation members with the letter and they have also supported the business with access to the land and building at no cost and paying for the Environmental Assessment.

Beginning on April 1 of a year, the annual quantity of cartons of unmarked cigarettes allocated to a reserve shall be calculated using the following formula:

$$A = [(R \times 2.5 \times 0.423) + (OR \times 2.7 \times 0.423)] \times 12$$

where,

A is the annual quantity;

R is the number of individuals in the reserve community;

OR is the number of individuals in the off-reserve community.

According to Pwi-di-goo-zing Ne-yaa-zhing in July 2007, the on reserve population was 132 and off reserve population was 145.

Number of cartons annually are $(139.59 + 165.6045) * 12 = 3,5662$

However, does not include current population. Primary research indicates the quota according to J. N. Webb & Sons Ltd. is 3,187 cartons. See Appendix 'B'

The supplier estimated that approximately 50 cartons per week were sold at this location.

The average price per package of cigarettes is \$8. The revenue would be 8 packages per carton times 50 cartons times 8 dollars. Therefore, the revenue is estimate to be \$3,200 times 4.3 weeks per month or \$166,272 per year.

ARCADE

We have conservative estimated that the sales from Arcade machines is \$20 per day. The attraction of this service is lack of recreation and leisure activities in the community and the low capital costs required. The supplier will operate on a 50/50 split. The benefit is that no capital outlay is required.

6.1 TOTAL MARKET POTENTIAL

Information on the Total Market Potential was obtained by talking to suppliers and reviewing supporting documentation. The Gasoline supplier estimates that the Tribal First Nation could expect to sell an average of 5,000 litres per week at \$1.36 per litre based on sale of Gasoline to a First Nation community with similar demographics. The Cigarettes and Convenience item wholesaler estimates 50 cartons per week and \$2,100 worth of pop, chips, chocolate bars, and candy, gum, convenience and grocery.

Gasoline	350,880
Cigarettes	166,272
Convenience / Grocery	109,200
Arcade	7,300
Total estimate market potential	633,952

6.2 MARKET SHARE

We studied the business in the area from a supplier perspective. We found that communities with similar demographics were purchasing as identified in the market potential. Because of the supplier estimates we received, we believe the business will be able to achieve its full market potential.

6.3 VALUE OF SALES

Based on the Total Market Potential and the Estimated Market Share, the value of sales is estimated to be \$633,952. A 10 percent growth is be targeted based on the awareness of the products and services available within the market area during the next two years respectively.

6.4 CUSTOMERS

The customers are primarily Tribal First Nation, other First Nations. The on reserve population of these First Nations are 500, 300, and 200, respectively. The market includes to a smaller degree include the hamlets of suburb 1 and suburb2 and traveler traffic.

The strength of the business will lie in the loyalty of its customers within the community. The target customers are interested in:

- \$ affordable costs;
- \$ variety of products;
- \$ competitively priced and tax free gasoline and cigarettes;
- \$ convenient location;
- \$ and fast, friendly, and reliable service.

The Convenience Store / Gas Bar will provide a number of services and products not currently available within the community such as:

- \$ tax-free gasoline at a reasonable price;
- \$ quick and easy access to convenience items, lunch, and First Nation administration items;
- \$ entertainment through arcade machines;
- \$ cash service via Interac and Visa;
- \$ and tax-free cigarettes.

The customers buying habits are consistent with Convenience Stores / Gas Bars. They are looking for quick and reliable service in a friendly and familiar environment. The Convenience Store / Gas Bar owners are looking for a number of assurances. They want:

- \$ store to be open when they are supposed to be open;
- \$ the Convenience Store / Gas Bar to be running smoothly;
- \$ customers to be treated with respect and courtesy;

- § competent and reliable employees and a safe, comfortable environment for customers;
- § the employees must be professional in manner, dress, and spirit;
- § the products and services they are looking for to be available;
- § and accessible facilities and products.

Customers are going to be generally from within the community. The demographics of target customers are:

- § age of 10-65
- § household income of between less than \$3,000 and upwards to \$50,000
- § single and two person income families
- § mix of male and female
- § family people
- § outdoor enthusiasts, such as boaters and snowmobilers
- § visitors to the community for events and meetings

The business is going to be located on Tribal First Nation. Most customers will initially stop for gasoline prior to going to work or meetings off reserve. While they are there, they may purchase a number of items such as coffee, muffins, and cigarettes. On their way home, customers may stop off and pick up a few grocery and convenience items they may need, and purchase gasoline for the next day.

The customers targeted are going to be domestic customers living within the community. The other target customers are boaters and fishermen in the summer, and snowmobilers using the trails in the winter who stop off for gasoline and other items. Other customers will come in during special occasions such a pow wows, volleyball and baseball tournaments, and various gatherings.

6.5 COMPETITORS

In the immediate community, the direct competition is non existent. However, tax-free gasoline, cigarettes, and convenience items can be purchased on the Couchiching and Seine River First Nations, which is one half hour away via vehicle. The indirect competition comes from gas stations and grocery stores in and around Fort Frances, Ont., which is one half hour via vehicle. These businesses all provide the same products and services, but lack a convenience within the community. Any new business operation would need to be able to meet the current service already being offered by its competitors.

GAS BAR / CONVENIENCE STORE BUSINESS PLAN

Some of the factors which make this venture appealing compared to the direct and indirect competitors are explained below:

- § The convenience store / gas bar will be located within the community which will provide easier access to services.
- § For a local business, products will be competitively priced compared to competitors.
- § The business will be locally owned meaning dollars will be going back into the community.
- § The staff will be friendly, courteous, and very familiar to the members of the community.
- § The customer service is going to be excellent with local Ojibway people sharing their spirit and humor.
- § The long term potential to create more jobs in the community as the business thrives.
- § Will provide a positive reinforcement of the economic opportunities available to hardworking community members.
- § The business will take very little marketing effort because the majority of its customers will come from the community.
- § The management is also going to be new and will need to take extra efforts to meet the operational and financial management requirements.

The key success factors are to develop a business exactly as described and being able to deliver the products and services. The chance of a new competitor entering the market is relatively low. There is no talk within the community of a similar type of business venture. The business's ability to deliver the products and services to the customer will improve the competitive position. The word of mouth advertising of satisfied customers will be invaluable.

Some of the local competition will come from various sources. The competition has been briefly looked in terms of its affect on the operation. This analysis is as follows:

CC Complex located on Couchiching Nation, which is a half hour away, the CC Complex offers basically the same products and services that the venture plans to offer. The venture's strategy to combat this competition is to offer comparable prices to the products and services it provides, along with the advantage of being located minutes away from community members' homes.

Rainy Lake Sports and Tackle C located in the east end of Fort Frances, Rainy Lake Sports and Tackle is ideally located for people traveling into town from that direction, or out of town in that direction. Because it offers a good deal of the same items, the major source of customers is local Fort Frances and tourism traffic from the U.S.

The Great Bear C located approximately 10 kilometers east of Fort Frances, The Great Bear for people traveling into town from that direction, or out of town in that direction. Because it offers a good deal of the same items, the major source of customers is local Fort Frances and tourism traffic from the U.S. That business also caters to forestry related companies.

Taylor's Cove C located at Bear's Pass approximately 10 kilometers away. They offer gas, minnows, and minor confectionary items. It has excellent lake access in that portion of Rainy Lake through its marina. The business does not sell tax free items. It is a community place of business primarily for its sale of minnows.

Mine Centre Trading Post C located in the east of the First Nation approximately 20 kilometers away. The Trading Post offers the same products without the tax free status. They additionally offer alcohol and operate a postal service. They serve the communities of Mine Centre and to an extent Seine River First Nation.

Jen & Zee's C located approximately 40 kilometers away in the First Nation community of Seine River. Jen's & Zee's offer tax free confectionary and cigarettes. They offer primarily pop, chips, and chocolate bars. They have no tax free gasoline for sale.

JD Junction C located on Rainy River First Nation, west of Emo, JD Junction is a competitor in that it offers tax-free gasoline and some convenience products for travelers to Thunder Bay or points east of the community. In other words, people traveling can use JD Junction for gas, cigarettes, or convenience items that are tax free.

Safeway C the majority of community members buy their grocery items from this store which is located at 417 Scott St. in Fort Frances, Ont. Safeway will still gets its large proportion of business from the community, but the venture will combat this by offering competitive prices on many of the same items. Safeway is the largest grocery store in the area.

Food Town C located in the west end of Fort Frances, some community members buy their grocery items here. Food Town will still gets its share of grocery shoppers, but this will not affect the business drastically because customers who will come to the business venture will, in all likelihood, not be shopping for groceries, but for a few select items.

U.S. Market C Because of its close proximity to the U.S. border, some community members shop in International Falls, MN. But, because of the tax-free nature of gasoline within the community and the strong Canadian dollar, the business venture will need to compete against this market. Some community members shop for groceries within this Centre.

7.0 MARKET TRENDS

Aboriginal people need to be aware of trends which are emerging within the Aboriginal business industry and the culture.

- § First Nations are becoming required to make their point of sale at the First Nation to benefit from their tax-free status.
- § The trend toward Aboriginal business is on the rise. Aboriginal people are becoming more aware of the management support opportunities available to them.
- § Aboriginal people are looking to get quick and easily accessible products and services generally viewed as essential for any community.
- § Aboriginal people are beginning to understand the principles of conduct of the business community as it exists today. They are becoming adept at business which is leading to greater success.
- § Aboriginal people are committed to the success of its citizens. The development of a convenience store / gas bar operation will create an economic benefit and foster an understanding that there are opportunities out there for Aboriginal people.
- § The rising cost of gasoline is making people look for ways in which to save money.

8.0 MARKETING STRATEGY

Because of its relative isolation compared to other communities, the primary marketing strategy the business will incorporate is word of mouth. Initially, advertising will be through the various newsletters in First Nation communities and the local news media of either Westend Weekly or Fort Frances Times. Also, initial advertising will be done by radio because of the distance from Fort Frances and travelers using local radio stations. The location of the business will be situated to consider the potential of visitors and local travelers through its location sign. Other methods of marketing will be to advertise through the area Tourism efforts, such as Rendez-vous Trail Snowmobile Association, the Fort Frances Canadian Bass Championship. The marketing effort will focus on developing an immediate message to the native community and establishing awareness among outdoor recreation enthusiasts.

8.1 PRICING STRATEGY

The pricing strategy is going to be based on the convenience store / gasoline standards within the Aboriginal industry. Within the industry, the cost of goods sold is not similar to the mainstream retail industry. Cigarettes are purchased at a cost of goods sold of 75 percent. The cost of goods sold for gasoline is 60 percent. The convenience items are purchased at 50 percent. The grocery items are also at 50 percent. The arcade machines are at 50 percent. The cost of sales for lunch counter is 30%. These price rates will enable the company to service debt costs, indirect expenses, and profits. The cost of products will be consistent with the competition but may be slightly higher because of the low level of competition and costs associated with freight.

8.2 PROMOTIONAL STRATEGY

The promotional strategy will be primarily word of mouth of satisfied customers since the community is relatively small, and the business's customers will come primarily from within the community. The following briefly describes the methods:

- § A direct mail advertisement will be sent to all First Nation communities and their affiliations for profit and non-profit organizations. This method will commence the word of mouth potential within the native community. This form of advertising will occur immediately.

- § A radio advertisement will be developed to reach highway travelers passing through the First Nation. This method will create an awareness of travelers throughout the district including travel to and from Thunder Bay. This form of advertising will occur immediately during the first month of operations.
- § A newspaper advertisement weekly for the 1st month of operation will be developed for either Fort Frances Times or Westend Weekly. This method will create awareness within the district and native community. This form of advertising will occur immediately.
- § A one page web site will be developed by Rainy Lake Tribal Area Business and Financial Services Corporation. The business will eventually develop its own web site using this one page site. This method will aid in awareness within the native community. This form of advertising will occur immediately.

8.3 CUSTOMER SERVICES

The business is going to provide three unique services. These services are going to be consistent with the needs of the community and the business. The services are as follows:

- A) The business is going to allow customers to make payment using Interac or Visa. Within this service, the business is also going to allow cash advances to be made. These types of cash advance transactions will come with a small service charge. The charge will be consistent with all applicable laws both federally and provincially. This form of payment will also eliminate the need for credit. Additionally, this form of advance provides a quick access to cash which is the basis for the operations. The business would need to establish a maximum amount with this service.
- B) The business is going to provide a delivery service to elders within the community. The distance within the community is very short; therefore, this is a courtesy and will build goodwill among the customers and community.
- C) The business owners only allow one credit account. The one credit account is for the Tribal First Nation and will be based on a properly executed purchase order. However, the business will also immediately forward an invoice with a 30-day payment period and two percent interest per month on any overdue account.

These types of services are required within a community which is remote and further eliminates credit as a source of sales. The community will become familiar with this service and it will build greater goodwill.

9.0 OPERATION PLAN

The business will operate on the basis of customer satisfaction. Any questions or suggestions that the customers have will be treated with all seriousness by the staff. The most important aspect of the service is the communication between staff and customers. The staff will be courteous, helpful, and respectful at all times. Any requests for products or services which can be made available will be examined closely by staff and management. Attempts may also be made to secure the product or service on their behalf. This will lead to confidence that the business can meet all their needs.

HOURS OF OPERATION

The business has the capacity to operate approximately 364 days per year. The business will operate on a 40 hour per week basis. The hours may be evaluated and extended during community activities where visitors are in the community. Emergency service for visitors or residents is also going to be a feature of the business. This type of feature will ensure that goodwill is continuing to build. Customers will be aware that you can be serviced at Tribal at almost any time. However, the business is going to ensure that applicable laws are adhered to. REZ Gas Bar will operate 7 days a week. The hours of operation will be 6 am to 10 pm Monday through Friday. The hours will be 6 am to 6 pm on Saturday and Sunday.

SCHEDULING

In order to ensure that the business is open at designated hours, the business manager will be responsible for opening the store each business day. The business will have at least one staff member working at all times to ensure the business is operational at all designated hours. One person can handle the store and gas pumping responsibilities within an operation this size. The manager will evaluate the level of float required for the business. As the business develops, the manager will be able to create a training plan for any new employees.

PURCHASING

The business will have a vendor=s permit which will enable the business to purchase products from wholesalers for resale. The majority of products will have to be picked up by the business from suppliers in Fort Frances, with the exception of gasoline and petroleum products and some convenience items which will be delivered by the distributor along their routes. Orders will be conducted over the telephone, so they will be ready for pick-up upon

arrival. A staff member will examine the invoice and items to ensure that all items are accounted for. The staff member who examines the delivery items will then sign for the items. If a cheque is required at the time of pick-up, it will be prepared by the manager prior to delivery.

ABORIGINAL TAX FREE SALES

Aboriginal customers with tax-free gasoline cards will be tax-exempt on gasoline purchases. A staff member will sweep the card through and fill out the tax-free form. The staff member will take down the license plate number of the vehicle and have the customer sign the card. The tax-free forms will be mailed out at the end of every month to the ministry for rebate. The payment of the tax-free portion must also be paid to the Ministry on a monthly basis. The manager will be responsible for checking the level of the gasoline tanks on a weekly basis and making a determination when to place an order for more gasoline.

PAYMENT METHOD

Sales of products will be based on cash or near cash security. Payment will be accepted for MasterCard, Visa, Interac, or cash. The business will accept no personal cheques. The entire cash system will work based on Canadian funds. The exchange of U.S. funds will be done based on competitive rates established by management. The manager will reconcile the cash with the tape from the cash register. The manager will be responsible for taking inventory on a weekly basis. Each of the areas of inventory will be rotated on a weekly basis. The manager will maintain a storage area with stock and conduct stocking periodically as required. Paycheques for manager and employee will be issued on the first and fifteenth of each month.

SECURITY

At the end of each night, a staff member will shut off the gasoline pump and make sure the building is properly secured. The staff member will then deposit the money and receipts into a safe until they can be deposited into the bank, which will usually take place every two or three days. The safe is located in the owner's residence. Insurance for the building, business, and contents will protect the assets and operations. The building will be monitoring by web cam at the owner's home.

10.0 STAFFING

The company will require personnel to manage, handle the service requirements, clean, and maintain the facilities. Principals and his wife and two children will perform these operations. They will hire one community member on a part time basis. The employee will be the one person working with the previous operation so is aware of the operational requirements.

10.1 OWNER

Principals will manage the business. A management control system will be implemented for the operation. The responsibility of manager will be the maintenance of the debt load of the company and monitoring the financial activity of the company. The manager will implement any decisions the First Nation makes regarding the direction of the business. The manager will ensure the smooth day-to-day operations of the company. In addition, the manager will have signing authority. Her signature alone will be required for any cheque issuance from the business. The owner authorize all expenditures beyond the budgeted cash flow statements. The manager may also authorize bonuses when financial targets have been exceeded. The manager will also be responsible for planning the implementation of measures which would increase the profitability of the business. The manager will be responsible for the day-to-day bookkeeping duties of the business and maintaining a record of all accounts receivable and payable. In addition, the manager will produce a monthly report on the status of the business.

10.2 SALES AND SERVICE STAFF

Principals will utilize three family members on a part-time basis to handle the sales and service responsibilities of the business. The responsibility of the sales and service staff is to ensure customers receive quality service from the business. Areas of function are to handle customers= needs, managing inventory stock, pumping gasoline, conducting sales, maintaining a clean work environment, and assisting in the overall day-to-day duties of running the business. Staff will also be responsible for establishing a rapport to increase the chances of repeat business. Staff will be responsible for ensuring that the inventory is sufficiently stocked. Staff will also be responsible for shutting off the pump every night and ensuring the building is secured. Other functions will be to monitor the additional needs of customers and getting important feedback. Staff must be good at communicating and meeting the customers= needs and express the best the business has to offer. The husband will handle external duties and repairs and maintenance.

11.0 SUPPLY AND PURCHASING

The majority of the supplies and products will be gasoline, cigarettes, convenience items, and maintenance items. Products and supplies required will be purchased from available distributors in the area. Gasoline and oil will also be purchased locally from one of the distributors. The office requirements will also be satisfied locally. The anticipation is that the management and staff will be able to plan inventory supply requirements a month in advance. For required pick-ups, the business can co-ordinate several orders from various distributors to be picked up at once.

Prior to purchasing tax-free gasoline or cigarettes, the business will require a Band Council Resolution supporting the sales. The suppliers will require this prior to the sales of tax-free products. The business could purchase products not considered taxable.

The business will have a vendor=s permit which will allow the purchases of goods for resale. The business is going to eventually assess the potential of purchasing other types of products which customers may need on a order basis.

The business=s suppliers are as follows:

A) **WEBB=S WHOLESALER**

Webb=s, located in Fort Frances, Ont., can satisfy the business=s convenience items needs, provide them with tax-free cigarettes, as well as cleaning items. It would be necessary for a staff member to travel into Fort Frances to pick up supplies. The majority of First Nation convenience stores and gas stations utilize the wholesaler.

B) THOMPSON=S DISTRIBUTOR

Thompson=s, located in Fort Frances, can also satisfy the business=s convenience items needs, as well as cleaning items. It would be necessary for the business to pick up supplies in Fort Frances.

C) VACATIONLAND DAIRY

Vacationland Dairy, located in Fort Frances, will satisfy the business=s dairy products needs. Vacationland offers a five percent discount on all pick up orders.

D) T J KAEMINGH & SONS LTD.

T J Kaemingh & Sons Ltd., located in Fort Frances, will satisfy the business=s gasoline and petroleum products needs. Deliveries will be made directly to the business on reserve.

E) SHAW BAKING CO. LTD.

The local distributor, John Voutt, located at 1011 York Ave. in Fort Frances will satisfy all of the business=s bakery needs such as bread, buns, and bakery snacks. Orders will have to be picked up.

F) LITTLE D'S VENDING

There will be no direct cost in the agreement with Little D's Vending, which operates out of Fort Frances, Ontario. Because Little D's Vending owns the machines, they will get 50 percent of all sales, with the business taking in 50 percent. Initially, Little D's Vending will provide the business with 5 games and two pool tables. Approximately every two weeks, the business will agree with the owner on the value of sales, eventually depending on the frequency and value of sales. Little D's Vending may change games or add depending on usage and agreement with the owner.

12.0 ENVIRONMENTAL CONSIDERATIONS

The project involves the development of Crown land on reserve. In regards to gasoline storage, the business will conform to all environmental regulations set out by the Ministry of the Environment and the Ministry of Natural Resources. The site selection is located in the heart of the Tribal community, which is primarily already developed. Proper procedures and standards will be used during site preparation and landscaping of the business site. The business will produce no harmful contaminants or health problems. The gasoline tanks will be government-inspected to ensure all safety and health and environmental requirements are met.

An Environmental Assessment was completed by Talon Industries in September, 2008. The Environmental Assessment identified no concerns.

130 MANAGEMENT

Management will be performed by the owner, Principals. They will utilize a team of professionals that will support their business.

13.1 MANAGEMENT SUPPORT

The management support will come from various sources some paid some not. The First Nation has an Economic Development Officer that can act as a liaison with the community and various support organizations including CESO. The External Development Officer will be utilized to ensure compliance with grant requirements and liase with Business Support contractor. The Rainy Lake Tribal Area Business and Financial Service Corporation provides mentoring and aftercare to support their loans. They act as an analyst and research for various operational issues help to develop alternatives leading to owner's decision.

13.2 BUSINESS SUPPORT

The objective of the Business Support program is to ensure solid financial management leading to the continuing operation and expansion of operations. The fundamental concept is to develop the skills necessary to conserve cash, particularly in a small start-up situation. The Business Support is to provide excellent research support, close mentoring and after-care as well as manage limited cash to enable the new entrepreneur to learn by experience. A critical aspect of this process is to teach the entrepreneur the importance of conserving cash at start-up and the equal importance of limiting costs or getting things done with spending valuable cash.

The business will require operational, financial, and government compliance assistance. The business will need develop these areas in contract with Ann Bruyere Consulting. Ann Bruyere has extensive experience in operating and business support for Gas Station and Convenience Stores.

14.0 FINANCIAL PLAN

14.1 PROJECT COSTS

The following are the project costs for the business.

14.2 LAND

The building will be located on land within the Tribal First Nation. The land is already developed for the purposes of a Convenience Store / Gas Station. The entire area is serviced by Hydro One, road and has water and sewage access. The venture has the support of the Tribal First Nation Chief and Council. Bell Canada already has servicing within the community. The community also has access to gravel resources for any additional site preparation. The First Nation owns the building. The land is provided unencumbered by the First Nation and without lease fees for 5 years after which time the amount will be negotiated based on revenues.

14.3 BUILDING

The building is valued at \$90,000. The building is provided free of charge for a period of 5 years after which time the amount will be negotiated along with the land issue. The building is 24' x 40'. The building consists of four rooms, including bathroom. The main room will be the store area. There is an office, a bathroom, and a storage room for inventory. The cost of building improvements and renovations is \$5,000.

The building is structure to enable ease of addition. The potential for increase arcade, lunch counter and catering facilities will be considered at a later date.

14.4 GAS TANK AND PUMP

The cost to purchase and install the gas tank and pump will be \$35,500. The capacity of the tank is 15,000 litres. The pump and tank supplied by J. A. Robinson Pump Service is an environmentally safe method to sell and store fuel above ground, and is CSA approved in compliance with environmental, fire and fuel safety standards. The tank system is set up where a primary single wall tank which stores the fuel is enclosed within a secondary spill containment system to protect the environment. Tank leaks are safely contained, eliminating environmental damage, liability and clean-up costs. The gasoline pumps will be inspected by a representative of the Motor Fuels and Tobacco branch of the Ontario Provincial Government. See Appendix 'C'.

14.5 EQUIPMENT

The total equipment costs will be \$5,000 excluding the cost of the gas tank and pump. The costs include cash register, safe, counter and shelves, a desk, chair, filing cabinet, two fire extinguishers, sign, coolers, freezer, and refrigerator. This equipment will be owned by Principals. There will be no outstanding encumbrances upon the property prior to purchase. Local service agencies will travel to Tribal to assess and repair equipment as required. Major repairs are not anticipated to the equipment for several years.

15.0 STARTUP COSTS AND WORKING CAPITAL

The following is a list of the Startup and Working Capital Requirements

- \$ Bridge Financing Interest
- \$ Insurance Costs
- \$ Utilities
- \$ Banking (VISA/Interac, business account)
- \$ Business Licensing and Registration
- \$ Legal Fees
- \$ Operating Expenses
- \$ Accounts receivable

The estimated cost for these items is \$5,000.

The estimated cost for inventory is \$40,000. Inventory includes \$20,000 in fuel, \$10,000 in cigarettes, and \$10,000 for groceries and convenience items.

15.1 MARKETING

The operation currently has a sign developed but it advertises the previous operations. The owner will have a new sign done and miscellaneous advertising with an estimated cost of \$2,000.

16.0 BUSINESS SUPPORT

The following is a list of the Business Support Requirements

- \$ Bookkeeping
- \$ Gas taxation accounting
- \$ Cigarette taxation accounting
- \$ Income Tax Preparation
- \$ Year end Financial Statements
- \$ Inventory accounting
- \$ Bank Reconciliation
- \$ Accounts Receivable
- \$ Accounts Payable

The cost is \$5,000 of which operations will cover 25% or \$1,250. The remainder coming ABDP grant.

17.0 SOURCES OF FINANCING

In this project, there are several types of financing to meet the capital and operating requirements of this business. The business is proposing the following mix of Equity, Commercial Financing, Other Sources, and Bridge Financing structure.

17.1 EQUITY

Principals is making an equity contribution of \$12,813 toward the development of the project. The funds are available as indicated by a bank statement on completion of Statement of Intent for Aboriginal Business Canada's Aboriginal Economic Development Program.

The Tribal First Nation has agreed to contribute up to \$2,175 towards the project, specifically for the Environmental Assessment costs.

17.2 COMMERCIAL FINANCING

The commercial loan will come from the Rainy Lake Tribal Area Business and Financial Services Corporation. The amount of the loan is \$52,388. The rate of interest is at eleven percent over a 60-month term. Payments will be made on a monthly basis.

17.3 ABORIGINAL BUSINESS CANADA

Principals are making a request of \$28,350 from Aboriginal Business Canada's Aboriginal Economic Development Program. The project falls within the ABDP's component of General Small Business programs. The contribution is non-repayable provided the conditions set out in the ABDP are met..

Principals are including a request of \$3,750 to Aboriginal Business Canada's Aboriginal Economic Development Program. The project falls within the ABDP's component of Business Support. The contribution is non-repayable. The support is 75% of the Business Support Costs with 25% coming from operations.

17.4 BRIDGE FINANCING

Based on the Aboriginal Business Canada's Aboriginal Economic Development Program's policies, the requirement of Bridge Financing is necessary. ABDP provides reimbursement of money spend on approved project costs. The Rainy Lake Tribal Area Business and Financial Services Corporation will also provide the Bridge Financing. The rate of the bridge financing is expected to be 11 percent and will coincide with the length of the agreement with the ABDP. The amount of the bridge financing will be \$32,100.

17.5 CONTRIBUTED AND SWEAT EQUITY

The owners estimate their contributions will include business planning estimated to cost \$5,000. They are also using our own vehicles to ensure operational issues are met. They are going to be contributing a portion of their own labour to reduce capital and operational costs.

18.0 PROJECTED FINANCIAL STATEMENT

Set out below are the following projected financial statements

- (1) General Information.
- (2) Proforma Financial Statements Underlying Assumptions
- (3) Key Financial Ratios
- (4) Year One Cash Flow
- (5) Year One Income Statement
- (6) Year One Balance Sheet
- (7) Year One Statement of Changes
- (8) Year One Capital Assets
- (9) Year One Long Term Debt
- (10) Year One Sales Summary
- (11) Year One Accounts Receivable Summary
- (12) Year One Direct Costs Summary
- (13) Year One Accounts Payable Supporting Schedule
- (14) Year One-Three Cash Flow
- (15) Year One-Three Income Statement
- (16) Year One-Three Balance Sheet
- (17) Year One-Three Statement of Changes
- (18) Year One-Three Capital Assets
- (19) Year One-Three Long Term Debt
- (20) Year One-Three Sales Summary
- (21) Year One-Three Accounts Receivable Summary
- (22) Year One-Three Direct Costs Summary
- (23) Year One-Three Accounts Payable Supporting Schedule