

ANNUAL REPORT  
2014 ~ 2015

FNFA   
FIRST NATIONS FINANCE AUTHORITY



THE OBJECTIVE

OF THE

FNFA

IS TO ENSURE

CONTINUOUS ACCESS

TO AFFORDABLE FINANCING

FOR FIRST NATION GOVERNMENTS



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# BOARD OF DIRECTORS



## **Councillor Jody Wilson-Raybould**

Chairperson, Councillor Jody Wilson-Raybould, We Wai Kai Nation, a lawyer, a Distinguished Alumni of the University of Victoria and an internationally recognized advocate for indigenous rights. The We Wai Kai Nation is located on the eastern shores of Vancouver Island near Campbell River, BC. Noticing the decline in the fishing industry (in which approximately 90% of the community was employed) leadership of We Wai Kai took proactive measures, implementing their own land code and engaging in economic development. Through diversification into an impressive array of business ventures, they turned a potentially disastrous situation into an opportunity to showcase a model for success. Councillor Wilson-Raybould brings her legal and political expertise to the FNFA.

The FNFA was created

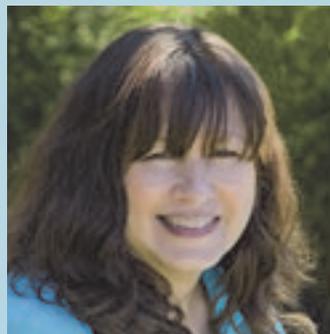
by and for First Nations

to enable our communities

to access loan financing

on the same terms as

other governments.



## **Councillor Cathy Hall**

Deputy Chairperson, Councillor Cathy Hall, Tzeachten First Nation, carries expertise in Finance, Housing, Education, Youth and Land Codes. Tzeachten First Nation is located east of the Greater Vancouver/Lower Mainland Region of British Columbia. The Tzeachten Council and their administration strive to work with the entire community to preserve and promote their language and culture, support the educational, social and economic growth of the community. Councillor Hall has served the First Nations community for many years and sits on a wide variety of committees. She is very active in many aspects of First Nations daily life and planning for the future. Her tireless effort is to achieve self-sustainability for First Nations through good governance, financial management and responsible land use policy. Councillor Hall brings her positive outlook and vast knowledge of First Nations administration to the FNFA.



## **Councillor Patrick Courtois**

Councillor Patrick Courtois, Montagnais du Lac St.-Jean, adds representation from the First Nations communities of Quebec. Mashteuiatsh First Nation is in the Saguenay – Lac-Saint-Jean region of Quebec, located on a headland jutting out on the western shores of Lac Saint-Jean known as Pointe-Bleue. The local economy is based mostly on logging, construction, transport, and tourism. There are some 130 businesses on the reserve. Montagnais du Lac St.-Jean has the distinction of being the first Quebec First Nation to be certified by the First Nations Financial Management Board and to achieve Borrowing Membership in the FNFA. Councillor Courtois works with First Nations youth to preserve culture, increase sustainable employment and reduce poverty. He brings his bridge-building skills to the FNFA to open communication and create unity among nations.



### **Councillor Katy Gottfriedson**

Councillor Katy Gottfriedson, Tk'emlúps te Secwépemc, could be described as a 'people person' who brings expertise in human resources, business and social justice to the FNFA. Tk'emlúps te Secwépemc is located east of the North Thompson River and north of the South Thompson River, adjacent to the City of Kamloops, BC. The Tk'emlúps te Secwépemc are proud caretakers who strive to protect their lands and exercise rights for the greatest good of their people and future generations. This is achieved by ensuring that all stakeholders accept individual and collective responsibility and accountability through a focused, supportive approach to service delivery. Councillor Gottfriedson's broad vision ensures that the FNFA is inclusive, fair and practical in fulfilling its mandate.



### **Councillor Veronica McGinnis**

Councillor Veronica McGinnis, Osoyoos Indian Band, a staunch advocate of transparency and accountability for First Nations band members. The Osoyoos Indian Band is renowned as a leader in First Nations Economic Development and for the tenacity of its people. The Osoyoos Indian Band honours the hard working, self-supporting lifestyle of their ancestors by developing their own economy through homegrown business initiatives, including the spectacular Spirit Ridge Resort and the award winning Nk'Mip Wine Cellars. Councillor McGinnis places her focus on the stabilization of the physical, emotional and mental well-being of First Nations with a priority on prevention methods. Councillor McGinnis brings her 25 years of experience in nurturing the social fabric of the First Nations community to the FNFA.



### **Chief Terrance Paul**

Chief Terrance Paul, Membertou First Nation, a dedicated and highly respected leader in Canada. Named after the Grand Chief Membertou (1510-1611) the community of Membertou belongs to the greater tribal group of the Mi'kmaw Nation. Membertou is situated 3 kms from the heart of the city of Sydney, Nova Scotia, within its tribal district of Unama'ki (Cape Breton). Throughout his many dedicated years as Chief, Terrance Paul has been the driving force behind Membertou's success, doubling the land base and increasing the employment rate within Membertou to nearly 80 per cent. The evolution of business and community development in Membertou is a testament to Paul's leadership and the confidence he has in his people. Chief Paul brings a wealth of experience and business acumen to the FNFA.



### **Chief Warren Tobobondung**

Wasauksing First Nation, is a builder and business leader in the community. Located near Parry Sound, ON, Wasauksing is the home community of legendary World War I hero Francis Pegahmagabow, previously neglected from the annals of Canadian history. The people of Wasauksing have taken great steps forward to have Pegahmagabow's rightful place as a hero and community leader restored and are having a statue dedicated in his honour. Chief Warren brings his business savvy and diplomatic competencies to the FNFA.



### **Councillor Barry Wilson**

Fisher River Cree Nation, skillfully balances the day-to-day needs of individual community members, with the future "big-picture" needs of the community as a whole. Fisher River Cree Nation, located approximately 2 hours north of Winnipeg, MB is known to be a very progressive First Nation and was recognized as the "Best Governed First Nation in Manitoba" by the Frontier Centre for Public Policy. Councillor Wilson has served as councillor for ten years from 1999 to 2005 and then again from 2011 to present. He adds his fastidious prudence and meticulous attention to detail to the FNFA.



### **Councillor Barry Yellow Fly**

Siksika First Nation, one hour east of Calgary, believes in promoting healthy living and strengthening relationships within the community. In 2013, those relationships were tested when flooding ravaged much of the Blackfoot territory. In a time of great turmoil the people of Siksika rallied together as a community in order to begin the process of rebuilding the nation to its former glory. Councillor Barry brings his practicality and understanding of on-the-ground grassroots concerns to the FNFA.

# MESSAGE FROM THE CHAIR



**There is no question that access to capital markets through the FNFA, combined with strong financial management that ensures political and financial accountability, can and is, bringing about transformative change in First Nation communities.**

**T**his fiscal year saw the FNFA achieve a key milestone – the issuance of our first debenture into the capital markets. It has been a long time coming, but today First Nations can truly say they have access to long-term public debt financing on terms comparable to other levels of government in Canada. This is helping communities with Nation rebuilding, growing their economies and attracting further investment.

Of FNFA's 42 Borrowing Members, thirteen First Nations that had previously accessed interim loans through the FNFA participated in the inaugural debenture issued on June 19, 2014; a \$90 million issuance with a 10-year maturity term, with an interest rate for our Borrowing Members only 1.21% above what Canada would pay for a similar 10-year debenture. After numerous telephone presentations and one-on-one meetings between FNFA staff and potential investors, the \$90 million debenture sold very well to institutional buyers in both Canada and the United States. Proceeds from the debenture were used by FNFA borrowing members to fund much-needed community infrastructure, housing, a wellness centre, economic development, land purchases and refinancing of certain outstanding loans. FNFA is planning on issuing a second debenture in 2015-2016.

As a national First Nations institution that serves and is governed by First Nation governments, I was very pleased to see that after the FNFA's 2014 Annual General Meeting six provinces were represented on our Board of Directors – British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia. This is a doubling of the geographical representation of 3 provinces from a year earlier. I hope this trend continues as more First Nations become Borrowing Members and that in due course the Board of Directors can be expanded. Currently, we have 9 Directors. The *First Nations Fiscal Management Act* permits the FNFA to have up to 11 Directors. With 8 out of 10 provinces plus the Northwest Territories having First Nations scheduled to the *Act* (currently there are no scheduled First Nations from either Newfoundland or PEI), the expansion from 9 to 11 Directors sometime in the future will enable greater representation from across all regions as our membership grows. The Directors will continue to discuss the timing as to when this expansion to 11 Directors is best accomplished. (see page 2 for a listing of the Directors, along with their bios).

The FNFA continues to enjoy two solid investment-grade credit ratings reflecting the underlying strength of our Borrowing Members' stable revenue streams and our ongoing commitment to ensuring sound financial management, transparency and accountability. Subsequent to the debenture issuance, Standard & Poor's Ratings Services awarded the FNFA an investment-grade credit rating of "A-, Stable." This rating paralleled our Moody's credit rating of "A3 - Stable" (which was re-confirmed in March 2015) and communicated to investors the strengths of the *First Nations Fiscal Management Act* and its built-in investor safeguards. One primary safeguard, the interception by FNFA of the Borrowing Members' revenue streams supporting debt service, was particularly noteworthy and proved stronger than our staff had projected. (see page 7 "Financial Protection").

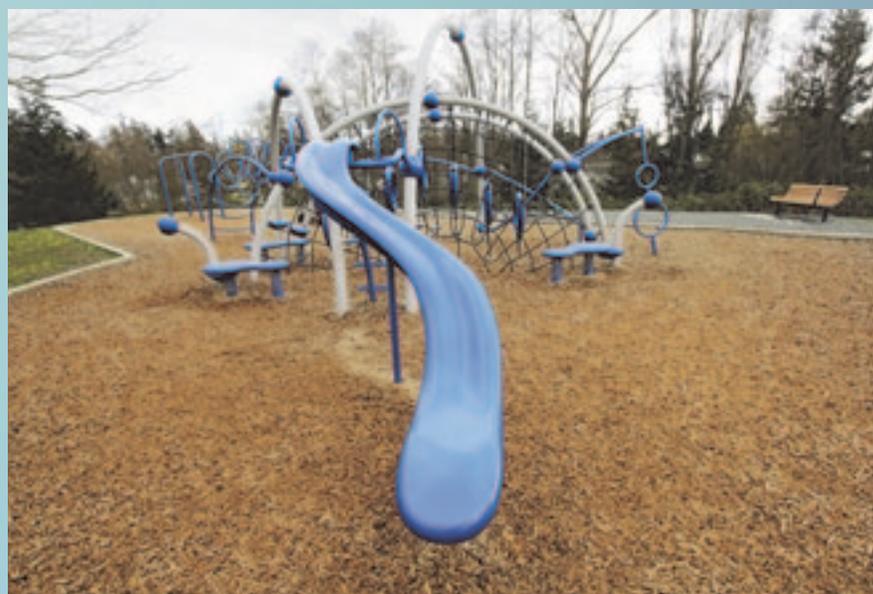
Accessing financing through the FNFA provides three main advantages:

1. FNFA provides each borrowing member a letter stating the member's borrowing capacity. This capacity can be drawn down by Council in one lump-sum, or multiple draws over time.
2. Interest rates are comparable to those paid by other government levels, and
3. Loans can be repaid up to 30 years. The interest rate applied on each loan can be fixed for 10 years (FNFA's debenture term) or for the full loan term if Council requests.

The FNFA is continuing to work with the federal government in reviewing ways to expand the revenue streams available to Borrowing Members to secure loans through the FNFA. This includes any "Indian Moneys" as defined under the *Indian Act*, all forms of consumption taxes regardless of who collects the tax on behalf of a First Nation, and federal transfers. In the case of the latter the FNFA welcomes the announcement in the 2015 federal budget that Canada is considering providing to provinces, territories, municipalities or other partners a stream of predictable payments over a 20-30 year period that could be borrowed against for the purposes of building infrastructure. This is something the FNFA has been advocating to help address the infrastructure backlog on-reserves.

The FNFA is also looking at methods to expand its clientele base through the inclusion of Treaty and Self-Governing bands into FNFA Borrowing Membership. Section 141 of the *FMA Act* allows development of a regulation to include these First Nations that are outside of the *Indian Act*. Development of these regulations with Canada is ongoing, with the intent to ensure all investor safeguards are maintained. These Treaty and Self-Governing communities have material stable and secure revenue streams, are well organized, and would be beneficial to FNFA's joint & several arrangement.

Moving forward, as the revenue streams available to the FNFA become increasingly diversified, as more borrowing members come on board, and as we continue to establish our track record of success, it is the goal of the Board to see our credit rating improve. At March 31, 2015, there were 161 First Nations from across Canada scheduled (or pending) to the *First Nations Fiscal Management Act*. This represents a 233% increase since 2011, the year in which all parts of the *Act* came into force. Of these 161 communities, 52 have completed the internal governance and financial ratio tests and have been issued a financial performance certificate from the First Nations Financial Management Board, allowing them access to FNFA's borrowing membership. The remaining 109 are working through the review and screening process. Within 5 years, the FNFA projects its borrowing membership to be well in excess of 100 First Nations with our long-term



objective being able to meet the public financing needs for all First Nation governments in Canada. This growth is key for a pooled borrowing organization such as the FNFA and should result in both improved credit ratings for the FNFA, and lower borrowing rates for our members.

Finally, during the last fiscal year, considerable staff time was spent working with the federal government on "housekeeping" amendments to the *First Nations Fiscal Management Act*. The FNFA is always looking to improve the borrowing regime, and the amendments we put forward are intended to streamline both the "scheduling to the *Act*" process, as well as internal FNFA activities. These requested amendments will be beneficial to both current and future borrowing members. A link to these amendments is on our website: [www.fnfa.ca](http://www.fnfa.ca)

The past year has been incredibly rewarding for me to be a small part of the successful launch of the inaugural FNFA bond. There is no question that access to capital markets through the FNFA, combined with strong financial management that ensures political and financial accountability, can and is bringing about transformative change in First Nation communities.

In closing, while I am very honoured to be the Chair at this historic point in time, I must acknowledge all of those people that spent so much time and effort in order to make the FNFA a reality. In particular, and on behalf of the entire Board of Directors, I would like to thank our tremendously hard-working and dedicated staff.

# HOW WE OPERATE

## LEGAL AUTHORITY

Under Part 4 of the *First Nations Fiscal Management Act* (FMA) which came into force on April 1st 2006, the First Nations Finance Authority (the FNFA) is established as a non-profit corporation without share capital. The FNFA is not an agent of Her Majesty or a Crown corporation. The FNFA is governed by the First Nations that join as borrowing members.

## REPRESENTATION

The FNFA has two types of members: borrowing members and investing members. Borrowing members are First Nations that have applied to and have been accepted by the FNFA's Board as a borrowing member. Investing members are First Nations that have invested in the FNFA's Pooled Investment Funds. The FNFA is managed by a Board of Directors, consisting of 5 to 11 directors, including a Chairperson and Deputy Chairperson. These Directors are elected by the borrowing members.

## MANDATED AREAS

The purposes of the FNFA are to:

- (a) secure for its borrowing members, through the use of property tax revenues,
  - (i) long-term financing of capital infrastructure for the provision of local services on reserve lands,
  - (ii) lease financing of capital assets for the provision of local services on reserve lands; or
  - (iii) short-term financing to meet cash flow requirements for operating or capital purposes under a law made under paragraph 5(1)(b) or to refinance a short-term debt incurred for capital purposes;
- (b) secure for its borrowing members, through the use of other revenues prescribed by regulation, financing for any purpose prescribed by regulation;
- (c) secure the best possible credit terms for its borrowing members;
- (d) provide investment services to its members and First Nations organizations; and
- (e) provide advice regarding the development of long-term financing mechanisms for First Nations.

## OUR CAPITAL FINANCING PROGRAMS

### Long Term Loans

The FNFA's mandate allows First Nations to support loan requests with two types of revenue streams: property taxation revenues, and other revenues. Other revenues are defined in the Financing Secured by Other Revenues Regulations and are revenue streams other than property tax. This distinction is made since property tax revenues are almost exclusively collected from ratepayers that are non-band members, and rules are established to protect their rights

since they are non-voting. Other revenues are a First Nation's own monies, and might be subject to rules under which the revenues were generated or a band's own governance policies.

### Interim Financing Loans

The FNFA offers all First Nations that become FNFA borrowing members access to Interim Financing. The current FNFA Interim Loan rate is 2.60% (bank prime for comparison is currently 2.85%). Interim Financing is temporary financing and has two functions:

#### 1. To Cover Costs During Construction:

A borrowing member can request Interim Loans, to a maximum of 5 years from the FNFA to cover the construction costs of a project. When the project has been completed, these Interim Loans which are floating can be converted into a fixed-rate longer term loan called a debenture which provides budget certainty.

#### 2. Bridge Financing Until FNFA Issues its Next Debenture:

Or, where FNFA does not plan to issue a debenture for a few months, but the borrowing member wants financing now to start a project, FNFA will lend monies from its Interim Loan program. When the debenture is issued, the borrowing member will have their Interim Loan rolled into a fixed-rate long term debenture loan.

The size of the loans a community may request is determined by the type and size and stability of the revenue stream that will be used to service the debt. Communities may use various revenue streams available to them to access the loans as long as FNFA's due diligence shows them to be stable, of duration similar to the loan repayment term, and of sufficient size. Revenue interception occurs prior to loan advance. All borrowing member communities receive the same rates.

### Oversight

Appropriate oversight has been established for property tax revenues in the FMA, and incorporates the First Nations Tax Commission (FNTC) approval process. The FNTC represents the collective interests of First Nations and ratepayers and promotes the fairness of the First Nation's property tax system, which safeguards ratepayer interests. Oversight processes regarding other revenues including the eligible revenue streams to support financing from the FNFA and the eligible uses of the financing are set in the FMA and in the Financing Secured by Other Revenues Regulations.

Regardless of which revenue stream the First Nation chooses to support its loan, they must receive certification from the First Nations Financial Management Board (FMB) prior to requesting borrowing member status in the FNFA. Certification is intended to provide comfort that a First Nation has implemented appropriate elements of a financial management system and has passed stringent financial ratio tests.

Acceptance of applications for both borrowing membership and loan requests must be by unanimous approval of FNFA's Board.

# HOW WE SAFEGUARD OUR INVESTORS

## FINANCIAL PROTECTION

The FNFA has structured various investor safeguards.

Firstly, borrowing factors, developed through banking syndicate feedback, are applied to each revenue stream. Under this approach a borrowing member's revenues must at a minimum be a certain prescribed amount greater than the annual debt service requirement on the loan.

Secondly, prior to the release of any loan to a borrower, the FNFA establishes for other revenues borrowers an irrevocable intercept mechanism (i.e. Trust Account arrangement) whereby the other revenues stream supporting a loan flows from the payor into the trust account, bypassing the First Nation. Under an agreement the FNFA has contracted with Computershare to act as trustee of these accounts, who firstly allocates out of the trust account the debt service payments to the FNFA, and secondly the remaining balance to the borrowing member. In 2014-2015, the FNFA's intercepted revenues had an interest rate coverage ratio of 6.3 times (revenues intercepted were 6.3 times greater than the debenture's interest liability). Approximately 75% of these revenues were from Federal/Provincial revenue sharing agreements; the balance being contractual revenues, lease agreements and established Band businesses.

Thirdly, when a borrowing member requests a loan, the FNFA withholds 5% and deposits into a Debt Service Reserve Fund (DRF). A separate DRF is operated for property tax supported loans, and a separate DRF for loans supported by other revenues. Should a borrowing member default on its loan payment to the FNFA, the FNFA will pull sufficient funds from the appropriate DRF to fully cover its loan obligation to the lenders. The defaulting member must replenish their DRF within a reasonable period. If this does not occur, the FNFA's Board may then require the full borrowing membership to proportionally replenish the DRF. If the loan default is related to a property tax supported loan then those borrowing members with property tax loans outstanding will replenish the property tax DRF (no tax supported loans have yet been issued); and vice versa for borrowing members with other revenues supported loans. These members will be reimbursed their replenishment monies when the defaulting member covers its default. The Board is obligated to initiate DRF replenishment should the value of the DRF fall below 50% of its intended value.

When a borrowing member has repaid its loan in full, the FNFA refunds back its 5% plus net interest earnings.

Fourthly, both the FMA and the Regulations provide the FNFA with the power of intervention through Third Party Management or Co-Management, should a First Nation default on its loan payments, or appear imminent of default. The FNFA works with the FMB in the intervention area. FMB has the authority to act as the treasurer of the First Nation's finances.

Fifthly, in addition to the DRF, the FNFA contracted an agreement with Canada in March 2011, and received \$10 million in Credit Enhancement Fund monies (CEF) on April 1, 2011.

This CEF is a secondary investor safeguard whose purpose is to support the DRF.

## LEGISLATIVE PROTECTION

The FNFA operates under a Federal Act, and so has both contractual law and Federal legislation as supporting strengths. The FMA and the Regulations establish a strict regulatory system that ensures borrowing members are certified and meet specific borrowing standards that ensure safeguards on indebtedness are maintained. The FNFA shall only accept a First Nation as a borrowing member where the FNFA is of the opinion that the loan will be repaid. A First Nation may cease to be a borrowing member after all their outstanding loans have been repaid in full, and only with the consent of the other borrowing members.



## OUR POOLED INVESTMENT FUNDS PROGRAM

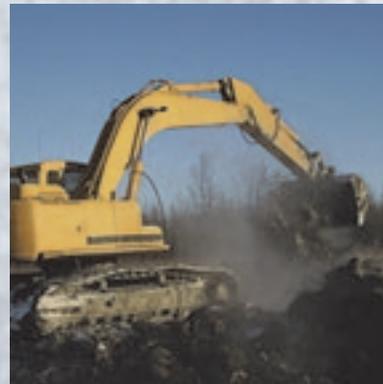
### Organization

The FNFA has established short-term pooled investment funds. These Funds are operated by the Municipal Finance Authority of BC, and are governed by the Investment Advisory Board which sets parameters around eligible investment purchases.



**The FNFA provides First Nations access to the large amounts of capital required to finance social projects, economic ventures, community-owned housing, land purchases, infrastructure on reserve, equity participation and equipment.**

**All FNFA loans are supported by qualified existing revenue streams.**



# FINANCIAL STATEMENTS



## STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of First Nations Finance Authority (the "FNFA") for the year ended March 31, 2015 have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee. The Audit Committee meets with management no fewer than two times a year and the external auditors a minimum of two times a year.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination considers internal control relevant to management's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the FNFA's internal control. The external auditors have full and free access to the Audit Committee.

On behalf of First Nations Finance Authority

Ernie Daniels  
Chief Executive Officer  
May 28, 2015



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## INDEPENDENT AUDITORS' REPORT

### To the Members of the First Nations Finance Authority

We have audited the accompanying financial statements of First Nations Finance Authority, which comprise the statement of financial position as at March 31, 2015, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information..

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

On our opinion, the financial statements present fairly, in all material respects, the financial position of First Nations Finance Authority as at March 31, 2015 and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

May 28, 2015

Kelowna, Canada

# STATEMENT OF FINANCIAL POSITION

FIRST NATIONS  
FINANCE AUTHORITY



YEAR ENDED  
MARCH 31, 2015

March 31, 2015, with comparative figures for 2014

	2015	2014
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 2,236,568	\$ 174,392
Credit Enhancement Fund assets (note 2)	10,000,000	10,000,000
Accounts receivable	—	2,899
Investments (note 3(a))	5,210,024	2,744,651
Loans to members (note 4)	103,366,625	54,142,894
Restricted cash and cash equivalents (note 5)	2,372,949	678,307
	<b>123,186,166</b>	<b>67,743,143</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	175,245	233,950
Accrued interest payable	765,000	—
Principal and interest payments received in advance	2,048,914	354,272
Due to members (note 3(b))	5,210,024	2,744,671
Interim financing (note 6)	17,736,000	54,048,958
Debenture financing: (note 7)		
Principal	90,000,000	—
Unamortized debenture issuance costs	(2,914,545)	—
	87,085,455	—
	113,020,638	57,381,851
<b>Net Financial Assets</b>	<b>10,165,528</b>	<b>10,361,292</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 8)	41,047	52,701
Prepaid expenses	124,884	44,845
	<b>165,931</b>	<b>97,546</b>
Commitments and contingencies (note 9)		
<b>Accumulated surplus (note 10)</b>	<b>\$ 10,331,459</b>	<b>\$ 10,458,838</b>

See accompanying notes to financial statements.

On behalf of the Board:

Jody Wilson-Raybould  
Director

Ernie Daniels  
Chief Executive Officer

# STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FIRST NATIONS  
FINANCE AUTHORITY



YEAR ENDED  
MARCH 31, 2015

Year ended March 31, 2015, with comparative figures for 2014

	2015 Budget (note 1(g))	2015	2014
<b>Revenue</b>			
Grants and contributions (note 11)	\$ 2,612,288	\$ 2,078,349	\$ 1,508,880
Interest from members	—	2,900,775	824,989
Investment income	131,400	123,181	121,105
Management fees	164,000	41,614	15,963
	<b>2,907,688</b>	<b>5,143,919</b>	<b>2,470,937</b>
<b>Expenses (note 1(h))</b>			
Interest on financing	—	2,749,379	770,328
Professional fees	831,705	584,581	878,886
Travel and workshops	472,650	148,219	168,833
Salaries and benefits	900,000	779,432	780,124
Financing fees (note 1(g))	159,360	361,572	137,226
Operation and management	543,973	396,529	376,290
Amortization of debenture issuance costs	—	236,315	—
Amortization of tangible capital assets	—	15,271	18,662
	<b>2,907,688</b>	<b>5,271,298</b>	<b>3,130,349</b>
<b>Deficit</b>	<b>—</b>	<b>(127,379)</b>	<b>(659,412)</b>
<b>Accumulated surplus, beginning of year</b>	<b>10,458,838</b>	<b>10,458,838</b>	<b>11,118,250</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 10,458,838</b>	<b>\$ 10,331,459</b>	<b>\$ 10,458,838</b>

See accompanying notes to financial statements.

# STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FIRST NATIONS  
FINANCE AUTHORITY



YEAR ENDED  
MARCH 31, 2015

Year ended March 31, 2015 with comparative figures for 2014

	2015 Budget (note 1(g))	2015	2014
<b>Deficit</b>	\$ —	\$ (127,379)	\$ (659,412)
<b>Changes to non-financial assets</b>			
Acquisition of tangible capital assets	—	(3,617)	(17,025)
Amortization of tangible capital assets	—	15,271	18,662
	—	11,654	1,637
Net change in prepaid expenses	—	(80,039)	26,362
	—	(68,385)	24,725
Decrease in net financial assets	—	(195,764)	(684,137)
Net financial assets, beginning of year	10,361,292	10,361,292	11,045,429
<b>Net financial assets, end of year</b>	<b>\$ 10,361,292</b>	<b>\$ 10,165,528</b>	<b>\$ 10,361,292</b>

See accompanying notes to financial statements.

# STATEMENT OF CASH FLOWS

FIRST NATIONS  
FINANCE AUTHORITY



YEAR ENDED  
MARCH 31, 2015

Year ended March 31, 2015, with comparative figures for 2014

	2015	2014
<b>Cash provided by (used in):</b>		
<b>Operating transactions:</b>		
Deficit	\$ (127,379)	\$ (659,412)
Amortization of tangible capital assets	15,271	18,662
Amortization of deferred financing fees	71,042	11,478
Amortization of debenture issuance costs	236,315	–
Net change in non-cash assets and liabilities:		
Accounts receivable	2,899	(541)
Prepaid expenses	(80,039)	(26,362)
Accounts payable and accrued liabilities	(58,705)	84,117
Accrued interest on debenture financing	765,000	–
	<b>824,404</b>	<b>(572,058)</b>
<b>Investing transactions:</b>		
Net decrease in Credit Enhancement Fund assets	–	503,810
Loans to members issued	(49,655,731)	(33,565,389)
Repayment of loans to members	432,000	200,000
Acquisition of investments	(2,465,373)	(1,698,595)
Increase in amounts due to members	2,465,353	1,698,595
Increase in restricted cash	(1,694,642)	(354,272)
Principal and interest payments received in advance	1,694,642	354,272
	<b>(49,223,751)</b>	<b>(32,861,579)</b>
<b>Financing transactions:</b>		
Debenture financing issued, principal	90,000,000	–
Debenture issuance costs	(3,150,860)	–
Proceeds from interim financing	245,647,000	54,120,000
Repayment of interim financing	(282,031,000)	(20,776,000)
Deferred financing fees paid	–	(82,500)
	<b>50,465,140</b>	<b>33,261,500</b>
<b>Capital transactions:</b>		
Purchase of tangible capital assets	(3,617)	(17,025)
<b>Decrease in cash and cash equivalents</b>	<b>2,062,176</b>	<b>(189,162)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>174,392</b>	<b>363,554</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,236,568</b>	<b>\$ 174,392</b>

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

FIRST NATIONS  
FINANCE AUTHORITY



YEAR ENDED  
MARCH 31, 2015

First Nations Finance Authority ("FNFA") was announced April 1, 2006 as a result of Bill C20 and operates under the *First Nations Fiscal Management Act* (the "Act") as a not for profit corporation without share capital to develop borrowing capacity for First Nations governments and to provide investment pooling arrangements for its investing members. FNFA, through an agreement with the Municipal Finance Authority of British Columbia ("MFA"), acts as a non-assignable corporate investment vehicle with MFA for the provision of investment services for FNFA unit holders. FNFA is exempt from income taxes pursuant to Section 149 (1)(c) and 149 (1)(d.5) of the *Income Tax Act* (Canada).

## 1. Significant accounting policies:

The financial statements of FNFA have been prepared by management in accordance with Canadian Public Sector Accounting Standards, applying the following significant accounting policies.

### (a) Basis of presentation:

These financial statements reflect the assets, liabilities, revenues and expenses of FNFA's Operating, Credit Enhancement, Sinking and Debt Reserve funds. All transactions and balances between the funds have been eliminated upon combination. Descriptions of FNFA's funds are as follows:

#### Operating Fund:

FNFA's Operating Fund includes revenue and expenses for all aspects of operations, including corporate administration and finance.

#### Credit Enhancement Fund:

Under the Act, FNFA is required to establish a Credit Enhancement Fund ("CEF") for the enhancement of FNFA's credit rating.

#### Sinking Fund:

Under the Act, FNFA is required to establish a Sinking Fund to fulfil its repayment obligations to the holders of each debenture security issued by FNFA. A Sinking Fund is not required for interim financing loans to members. The Sinking Fund did not have any accumulated surplus or deficit as at March 31, 2015..

#### Debt Reserve Funds:

Under the Act, FNFA is required to establish one or more Debt Reserve Funds. If at any time FNFA lacks sufficient funds to meet the principal, interest or sinking fund payments due on its obligations because of a default in payment by a borrowing member it can utilize the Debt Reserve Funds to satisfy these obligations. The Debt Reserve Funds terms do not provide for an accumulated surplus or deficit.

FNFA follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable (note 1(b)). Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (b) Revenue recognition:

Transfers from governments are recognized as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Transfers which include stipulations that give rise to an obligation are recognized as revenue in the period the stipulations giving rise to the obligation have been met.

Interest on loans to members is recorded as revenue in the period in accordance with FNFA's loan agreements with its members. Investment income is recorded as revenue in the period earned.

### (c) Cash and cash equivalents:

Cash and cash equivalents includes cash and investments in highly liquid money market funds, with a term to maturity of 90 days or less and are readily convertible to cash.

### (d) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by FNFA to be recorded at fair value. All other financial instruments are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss, calculated as the excess of the net recoverable amount of the asset and its carrying value, is reported in the statement of operations. Any unrealized gain or loss for financial assets or liabilities measured at fair value is recorded through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

As at March 31, 2015, FNFA does not have any financial instruments that required or were elected to be recorded at fair value. Accordingly a statement of remeasurement gain (loss) has not been presented.

### (e) Tangible capital assets:

Tangible capital assets are recorded at cost, net of accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are also recorded as revenue. When management determines that a tangible capital asset no longer contributes to FNFA's operations, the tangible capital asset's net book value is written down to its net realizable value. Amortization is provided over the assets' estimated useful life at the following bases and annual rates:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	30 - 45%
Leasehold improvements	Straight-line	lesser of lease term and 20%

### (f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Significant areas requiring management estimates include the net recoverable amount and any impairment of financial assets and the fair value of financial liabilities on issuance. Actual amounts can differ from these estimates.

### (g) Budget data:

The budget data presented in these financial statements have been derived from the budget approved by the Board of Directors on July 10, 2014. The budget for the year reflects the expected recovery of debenture issuance costs from participating borrowing members, which is reflected in budgeted financing fees. The expected recovery results from larger than anticipated initial debenture issuance costs, caused by inaugural template development, which FNFA intends to recover through member loan rates.

### (h) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. FNFA has determined that it had only one operating segment for the year ended March 31, 2015. Accordingly, segmented disclosures have not been presented in these financial statements.

## 2. Credit Enhancement Fund assets:

FNFA entered into an agreement with Aboriginal Affairs and Northern Development Canada ("AANDC"), on March 24, 2011 to transfer funds to FNFA for deposit into the Credit Enhancement Fund ("CEF"). The funds of the CEF may be invested only in securities, investments or deposits specified under the Act. Investment income from the CEF may be used to temporarily offset shortfalls in the Debt Reserve Funds, to defray FNFA's costs of operation, and for any other purpose prescribed by regulation. The capital of the CEF may be used to temporarily offset shortfalls in the Debt Reserve Funds and for any other purpose prescribed by regulation.

The CEF assets, as at March 31, 2015 consist of the following:

	2015		2014	
Cash and cash equivalents	\$	8,000,000	\$	10,000,000
Investments		2,000,000		—
	\$	10,000,000	\$	10,000,000

## 3. Debt Reserve Fund:

### a) Investments:

Debt Reserve Fund investments consists of cash and cash equivalents held by FNFA as security for debenture payments to bondholders and interim financing providers. If, at any time, FNFA does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions will be made from the Debt Reserve Fund.

### b) Due to members:

Amount due to members in the Debt Reserve Fund will be repaid to a member when the member has satisfied all obligations related to the applicable loan agreement. The balance owing to members as at March 31, 2015 is due upon extinguishment of the underlying loan, consistent with the term of the financing agreements.

## 4. Loans to members:

	2015		2014	
Debenture financing loans	\$	85,628,238	\$	—
Interim financing loans		17,738,387		54,142,894
	\$	103,366,625	\$	54,142,894

The aggregate maturity of loans to members as at March 31, 2015 was as follows:

2016	\$	19,610,275
2017		1,871,888
2018		1,871,888
2019		1,871,888
2020		1,871,888
Thereafter		76,268,798
	\$	103,366,625

### (a) Debenture financing loans:

Debenture financing loans to members as at March 31, 2015 consists of loans to thirteen borrowing members. The loans, documented by way of a promissory note, are repayable in annual principal payments to maturity, with interest payable semi-annually at 3.79%.

### (b) Interim financing loans to members:

Interim financing loans to members as at March 31, 2015, consists of loans to six (2014 nine) borrowing members. The loans bear interest at 2.6%, payable monthly, and are due on the earlier of demand or the expiry of FNFA's credit facility described in note 6. The interim financing loans have been issued by FNFA in anticipation of a bond issuance. The interim financing loans will be replaced by long-term financing agreements upon the issuance of such securities and the earlier of five years from the date of the issuance of the interim financing or the completion by the member of the purpose, as defined in their borrowing law, for the FNFA financing.

### (c) Secured Revenues Trust Account:

Loans to members require interest and principal payments, arising from member revenues as specified in the members' Borrowing Law, into a Secured Revenues Trust Account ("SRTA"), as governed by a Secured Revenues Trust Account Management Agreement between the member and FNFA. As directed by FNFA, the following amounts are withdrawn from the SRTA:

- Scheduled principal and interest payments to FNFA under the terms of the respective promissory notes and borrowing law; and
- The excess in the SRTA may be paid to the member based on the terms of their respective promissory note or borrowing law.

### (d) Loan impairment:

FNFA conducts periodic evaluations of its loans to members to determine if the loans are impaired. No impairment provision has been recorded to March 31, 2015. A reduction in the carrying value of a loan may be recovered by a transfer from the applicable Debt Reserve Fund and, ultimately, intervention with First Nations Financial Management Board on eligible revenue streams if it is believed that payments under the loan agreements may not be recovered within a reasonable period of time.

## 5. Restricted cash and cash equivalents:

Year ended March 31, 2015

	2015		2014	
Members capital (note 10(b))	\$	324,035	\$	324,035
Principal and interest payments received in advance		2,048,914		354,272
	\$	2,372,949	\$	678,307

## 6. Interim financing:

	2015		2014	
National Bank of Canada ("National Bank"), revolving credit facility:				
Bankers acceptance liabilities, bearing interest at an average rate of 2.2408%	\$	17,736,000	\$	14,120,000
Prime rate loan		–		40,000,000
		17,736,000		54,120,000
Deferred financing fees		–		(71,042)
	\$	17,736,000	\$	54,048,958

The National Bank revolving credit facility is available up to a maximum aggregate amount of \$100 million. The revolving credit facility is available through the issuance of bankers' acceptances ("Bankers Acceptance Liabilities") or the issuance of loans bearing interest calculated in relation to the lender's prime rate ("Prime Rate Loans"). The Bankers Acceptance Liabilities as at March 31, 2015 bear interest at the lender's 30 to 60 day bankers' acceptance rate plus a stamping fee. The Prime Rate Loan as at March 31, 2015 bears interest at the lender's prime rate plus 0.25% with interest only payments on a monthly basis. The undrawn portion of the revolving credit facility is subject to a standby fee of 0.25%. Amounts borrowed under the revolving credit facility are due the earlier of the terms of FNFA's interim financing loans to members (note 4(b)) and October 22, 2016.

The interim financing is secured by first ranking liens on all real and personal, corporeal and incorporeal, present and future assets, including on all of the accounts of FNFA and the debt accounts of members with outstanding loans and the rights of FNFA in the Secured Revenues Trust Account and the Property Tax Trust Accounts.

## 7. Debenture financing:

The debenture financing consists of unsecured and unsubordinated bonds issued by FNFA. The bonds provide for semi-annual interest payments at 3.4% and payment of the principal at maturity on June 26, 2024.

## 8. Tangible capital assets:

March 31, 2015	Furniture and equipment		Computer equipment		Leasehold improvements		Total
<b>Costs:</b>							
Balance, beginning of year	\$	50,165	\$	119,258	\$	115,709	\$ 285,132
Additions		–		3,617		–	3,617
<b>Balance, end of year</b>		<b>50,165</b>		<b>122,875</b>		<b>115,709</b>	<b>288,749</b>
<b>Accumulated amortization:</b>							
Balance, beginning of year		32,265		84,457		115,709	232,431
Amortization		3,580		11,691		–	15,271
<b>Balance, end of year</b>		<b>35,845</b>		<b>96,148</b>		<b>115,709</b>	<b>247,702</b>
<b>Net book value, end of year</b>	<b>\$</b>	<b>14,320</b>	<b>\$</b>	<b>26,727</b>	<b>\$</b>	<b>–</b>	<b>\$ 41,047</b>
<b>March 31, 2014</b>							
<b>Costs:</b>							
Balance, beginning of year	\$	43,229	\$	109,169	\$	115,709	\$ 268,107
Additions		6,936		10,089		–	17,025
<b>Balance, end of year</b>		<b>50,165</b>		<b>119,258</b>		<b>115,709</b>	<b>285,132</b>
<b>Accumulated amortization:</b>							
Balance, beginning of year		28,368		69,692		115,709	213,769
Amortization		3,897		14,765		–	18,662
<b>Balance, end of year</b>		<b>32,265</b>		<b>84,457</b>		<b>115,709</b>	<b>232,431</b>
<b>Net book value, end of year</b>	<b>\$</b>	<b>17,900</b>	<b>\$</b>	<b>34,801</b>	<b>\$</b>	<b>–</b>	<b>\$ 52,701</b>

**9. Commitments:**

The FNFA entered into a lease agreement for office space, which expires February 2018. Total estimated operating lease commitments for the next three years are as follows:

2016		\$	82,776
2017			82,776
2018			68,980
		\$	234,532

**10. Accumulated surplus:**

(a) Accumulated surplus consists of the individual fund surpluses and reserves as follows:

	2015		2014	
<b>Accumulated surplus:</b>				
Credit Enhancement Fund	\$	10,000,000	\$	10,000,000
<b>Operating Fund:</b>				
Invested in tangible capital assets		41,047		52,701
Unrestricted		290,412		406,137
		331,459		458,838
	\$	10,331,459	\$	10,458,838

**(b) Members capital:**

On April 1, 2006, assets and liabilities of the FNFA Inc., a predecessor organization which was controlled by the same Board as the FNFA, were transferred to the FNFA. The FNFA's Board of Directors has resolved by way of a bylaw that, upon dissolution of the FNFA, the total contribution to the FNFA of \$324,035, being tangible capital assets and retained earnings of the FNFA Inc. on April 1, 2006, shall be first distributed to the public bodies having an interest in members' capital. The members' capital has been recorded as restricted cash and cash equivalents.

**(c) Change in accumulated surplus is calculated as follows:**

	Operating Fund					
	Credit Enhancement Fund (note 2)	Invested in tangible capital assets	Unrestricted	Total		
<b>Balance, March 31, 2013</b>	\$ 10,503,810	\$ 54,338	\$ 560,102	\$		\$ 11,118,250
Surplus (deficit)	121,105	(18,662)	(761,855)			(659,412)
Acquisition of tangible capital assets	–	17,025	(17,025)			–
Transfers	(624,915)	–	624,915			–
<b>Balance, March 31, 2014</b>	\$ 10,000,000	\$ 52,701	\$ 406,137	\$		\$ 10,458,838
Surplus (deficit)	123,181	(15,271)	(235,289)			(127,379)
Acquisition of tangible capital assets	–	3,617	(3,617)			–
Transfers	(123,181)	–	123,181			–
<b>Balance, March 31, 2015</b>	\$ 10,000,000	\$ 41,047	\$ 290,412	\$		\$ 10,331,459

**11. Grants and contributions:**

During the year, FNFA received the following funding arrangements from the AANDC:

	2015		2014	
Comprehensive Funding Arrangement	\$	1,578,349	\$	1,008,880
Grant Agreements		500,000		500,000
	\$	2,078,349	\$	1,508,880

AANDC provided a Comprehensive Funding Arrangement for the 2014-2015 fiscal years. The contribution is for delivery of specific programs, services and activities as set out in the arrangement. This funding agreement is reviewed annually based on the needs and the financial results of the FNFA.

Under the terms of the Grant Agreements, which is for the purpose of covering costs associated with the FNFA's core business, the FNFA is to receive an annual maximum of \$500,000. This arrangement expires on March 31, 2015 and has been renewed. Management anticipates that this agreement will be renewed for future years.

## 12. Financial instruments:

### (a) Liquidity risk:

Liquidity risk is the risk that FNFA will not be able to meet its financial obligations as they become due. For the year ended March 31, 2015, each interim financing loan to members was funded through interim financing with the same term. FNFA monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due. FNFA is subject to non-financial covenants and restrictions in relation to its interim financing (note 6) and Credit Enhancement Fund (note 2). As at March 31, 2015, FNFA was in compliance with these covenants and restrictions.

The following table summarizes the remaining contractual maturities of FNFA's financial liabilities:

In thousands of dollars							2015
	On demand		Within 1 year		Greater than 1 year		Total
Accounts payable and accrued liabilities	\$	–	\$	175	\$	–	\$ 175
Accrued interest payable		–		765		–	765
Principal and interest received in advance		–		2,049		–	2,049
Due to members		5,210		–		–	5,210
Interim financing		17,736		–		–	17,736
Debenture financing		–		–		90,000	90,000
	\$	22,946	\$	2,989	\$	90,000	\$ 115,935

In thousands of dollars							2014
	On demand		Within 1 year		Greater than 1 year		Total
Accounts payable and accrued liabilities	\$	–	\$	234	\$	–	\$ 234
Principal and interest received in advance		–		354		–	354
Due to members		2,745		–		–	2,745
Interim financing		54,049		–		–	54,049
	\$	56,794	\$	588	\$	–	\$ 57,382

### (b) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. FNFA holds its cash and cash equivalents, Credit Enhancement Fund assets and investments with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, FNFA's cash accounts are insured up to \$300,000.

FNFA's investment policies for its Credit Enhancement Fund, Debt Reserve Funds, and Sinking Funds are governed by the Act, which specifies eligible investments. FNFA's investment policy for other cash and investments is monitored by management and the Board, consistent with its mandate.

### (c) Interest rate risk:

Interest rate risk relates to the impact of changes in interest rates on FNFA's future cash inflows from its investments and loans to member and future cash outflows on its interim financing. FNFA's cash and cash equivalents, Credit Enhancement Fund assets and investments are held in cash or short term money market instruments, accordingly, FNFA is not subject to significant interest rate risk in regards to these financial assets.

FNFA is subject to interest rate risk with respect to its interim financing, which bears interest at variable rates based on the lenders' prime and 30-60 day bankers' acceptance rates. A 10 basis point change in variable interest rates would impact interest expense on interim financing by approximately \$20,000.

For the year ended March 31, 2015, FNFA's interest on its interim financing loans to members were not subject to significant interest rate risk for the year ended March 31, 2015. FNFA monitors interest rate risk on interim financing borrowing and negotiates and renegotiates interest rates on interim financing loans to members in relation to these rates.

# FNFA POOLED INVESTMENTS

YEAR ENDED DECEMBER 31, 2014

## Pooled Investments Statement of Net Assets - (unaudited)

FIRST NATIONS FINANCE AUTHORITY

December 31, 2014, with comparative information for 2013

	Money Market Fund		Intermediate Fund		Bond Fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Assets</b>								
Cash	\$ 269	134	138	255	–	8	\$ 407	\$ 397
Receivable for investments sold	–	–	–	–	–	1,427	–	1,427
Unitholder receivable	2,021	–	1,203	3,864	7,388	–	10,612	3,864
Investments (note 3)	12,493,707	9,532,141	4,155,118	7,401,838	1,766,753	1,522,377	18,415,578	18,456,356
	<b>\$ 12,495,997</b>	<b>9,532,275</b>	<b>4,156,459</b>	<b>7,405,957</b>	<b>1,774,141</b>	<b>1,523,812</b>	<b>\$ 18,426,597</b>	<b>\$ 18,462,044</b>
<b>Liabilities, Net Assets and Unitholders' Equity</b>								
Accrued management fees	\$ 1,757	1,283	777	1,308	316	277	\$ 2,850	\$ 2,868
Unitholder payable	23,354	19,241	–	–	–	–	23,354	19,241
	<b>25,111</b>	<b>20,524</b>	<b>777</b>	<b>1,308</b>	<b>316</b>	<b>277</b>	<b>26,204</b>	<b>22,109</b>
<b>Net assets and unitholders' equity</b>	<b>12,470,886</b>	<b>9,511,751</b>	<b>4,155,682</b>	<b>7,404,649</b>	<b>1,773,825</b>	<b>1,523,535</b>	<b>18,400,393</b>	<b>18,439,935</b>
	<b>\$ 12,495,997</b>	<b>9,532,275</b>	<b>4,156,459</b>	<b>7,405,957</b>	<b>1,774,141</b>	<b>1,523,812</b>	<b>\$ 18,426,597</b>	<b>\$ 18,462,044</b>

See accompanying notes to financial statements.

On behalf of the Board



Director

# Pooled Investments

## Statement of Earnings and Unitholders' Equity

FIRST NATIONS FINANCE AUTHORITY

December 31, 2014, with comparative information for 2013

	Money Market Fund		Intermediate Fund		Bond Fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Investment income:</b>								
Interest income	\$ 154,175	136,727	196,305	243,176	42,785	37,809	\$ 393,265	\$ 417,712
Less management fees	19,361	17,088	13,138	15,587	3,293	2,903	35,792	35,578
	<b>134,814</b>	<b>119,639</b>	<b>183,167</b>	<b>227,589</b>	<b>39,492</b>	<b>34,906</b>	<b>357,473</b>	<b>382,134</b>
<b>Gain (loss) on investments:</b>								
Net realized gain (loss)	–	–	(99,383)	(153,514)	6,960	(6,737)	(92,423)	(160,251)
Net unrealized gain (loss)	–	–	(2,770)	35,194	2,640	(5,046)	(130)	30,148
Net gain (loss) on investments	–	–	(102,153)	(118,320)	9,600	(11,783)	(92,553)	(130,103)
<b>Net earnings distributed</b>	<b>\$ 134,814</b>	<b>119,639</b>	<b>81,014</b>	<b>109,269</b>	<b>49,092</b>	<b>23,123</b>	<b>\$ 264,920</b>	<b>\$ 252,031</b>
<b>Net assets and unitholders' equity</b>								
Units outstanding, beginning of the year	\$ 9,511,751	14,217,277	7,404,649	8,458,880	1,523,535	1,119,663	\$ 18,439,935	\$ 23,795,820
Units subscribed	4,425,584	1,149,689	–	–	469,986	420,277	4,895,570	1,569,966
Distributions reinvested	134,814	119,639	81,014	109,269	49,092	23,123	264,920	252,031
Units redeemed	(1,601,263)	(5,974,854)	(3,329,981)	(1,163,500)	(268,788)	(39,528)	(5,200,032)	(7,177,882)
<b>Units outstanding, end of the year</b>	<b>\$ 12,470,886</b>	<b>9,511,751</b>	<b>4,155,682</b>	<b>7,404,649</b>	<b>1,773,825</b>	<b>1,523,535</b>	<b>\$ 18,400,393</b>	<b>\$ 18,439,935</b>

See accompanying notes to financial statements.

On behalf of the Board



Director

# Pooled Investments

## Notes to Financial Statements - (unaudited)

Year ended December 31, 2014

First Nations Finance Authority (the "FNFA") was announced April 1, 2006 as a result of Bill C-20 and operates under the *First Nations Fiscal Management Act* (the "Act") as a non-profit corporation without share capital to provide investment pooling arrangements and to develop borrowing capacity for First Nations governments. The FNFA, acts as a non-assignable corporate investment vehicle with the MFA for the provision of investment services for FNFA unitholders.

Under the Act the FNFA may establish short-termed pooled investment funds. Funds in FNFA short-term pooled investment funds may be invested only in:

- a. securities issued or guaranteed by Canada, a province or the United States;
- b. fixed-term deposits, notes, certificates or other short-term paper of, or guaranteed by, a bank, trust company or credit union, including swaps in United States currency;
- c. securities issued by the Authority or by a local, municipal or regional government in Canada;
- d. commercial paper issued by a Canadian company that is rated in the highest category by at least two recognized security-rating institutions;
- e. any class of investments permitted under an Act of a province relating to trustees; or
- f. any other investments or class of investments prescribed by regulation.

In accordance with the Pooled Investment Regulation made under the *First Nations Fiscal Management Act*, the Authority has arranged to continue to participate in the short to intermediate term investment pools established by the MFA. These funds are the Money Market Fund, the Intermediate Fund and the Bond Fund.

### 1. Significant accounting policies:

Monies received from unitholders are invested in three pooled investment funds administered by the MFA:

- Money Market Fund;
- Intermediate Fund; and
- Bond Fund.

These funds are authorized to issue an unlimited number of units, each of which represents an equal undivided interest in the net assets of the respective funds, pro rata, with all other units from time to time issued and outstanding. Units are issued or redeemed at \$1,000 per unit. Under Section 149(1)(c) of the *Income Tax Act*, the funds are exempt from income taxes.

The following is a summary of the significant accounting policies used in the preparation of the financial statements.

#### (a) Money Market Fund:

- (i) Investments are carried at market value.
- (ii) Interest income is recognized as earned.
- (iii) Management fees are accrued daily at the rate of 0.15% per annum of the net assets of the fund and are paid monthly to the MFA.
- (iv) Net earnings from operations are distributed to unitholders daily as additional units of the fund.

#### (b) Intermediate Fund and Bond Fund:

- (i) Investments are carried at market value.
- (ii) Investment transactions are accounted for on the trade date and gains/losses from such transactions are calculated on an average cost basis.
- (iii) Interest income is recognized as earned.
- (iv) Management fees are accrued daily at the rate of 0.20% per annum of the net assets of the fund and are paid monthly to the MFA.
- (v) Net earnings from operations are distributed to unitholders weekly and at month end as additional units of the fund.
- (vi) Accretion of discounts and premiums are amortized on a straight line rate basis over the term of the investment.

### 2. Financial instruments:

All unitholder receivables, receivables for investments sold, accrued management fees and unitholder payables have been classified as loans and receivables or other liabilities and are recorded at amortized cost using the effective yield basis.

Transaction costs are expensed and included in the statement of earnings and unitholders' equity in the period incurred.

Investments are designated as held for trading and recorded at market value measured at mid-market prices which approximate bid values.

#### a. Risk management

Risk management is achieved through segregation of duties whereby the investment management decisions are undertaken by a professional fund manager (Phillips Hager North Investment Management Ltd.), custody of the assets and accounting functions undertaken by a professional custodian (CIBC Mellon Trust Company), and overall governance of the funds monitored by the Investment Advisory Committee comprised of Trustees of the MFA.

The Investment Advisory Committee establishes the investing guidelines and reviews the fund manager's compliance and assesses performance in comparison to the DEX 91-Day Treasury Bill Index, the DEX 365-Day Treasury Bill Index, and the DEX Short Term Index.

#### b. Liquidity risk

Liquidity risk arises from the risk that a portfolio may not be able to settle or meet its obligation on time or at a reasonable price.

Each portfolio is exposed to daily and weekly cash redemptions of units at the current Net Assets Value per unit at the option of the unitholder. The funds invest the majority of their assets in securities that are traded in an active market and can be readily disposed of. In addition each Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

As of December 31, 2014 the duration of the funds was 65 days for Money Market Fund, 365 days for the Intermediate Fund and 2.7 years for the Bond Fund.

## 2. Financial instruments (continued):

### c. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

The funds invest primarily in interest bearing securities and are therefore susceptible to market rate fluctuations. The short duration of the investments lessens the affect of changes in interest rates.

### d. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligation or commitment.

The fund manager moderates risk through a conservative selection of securities and diversification within the parameters of the investment policy.

The investment portfolio is carried at fair value and represents the maximum credit risk exposure as at December 31, 2014.

### e. Currency risk

The funds are not subject to currency risk. The functional currency is the Canadian dollar and all transactions are denominated in Canadian dollars.

## 3. Investments:

The investments held by the FNFA represent their unitholders proportionate share of securities invested in the Money Market Fund, Intermediate Fund and Bond Fund administered by the MFA's Pooled Investment Funds.

As at December 31 the Money Market Fund, Intermediate Fund and Bond Fund of the MFA held the following securities:

	2014			2013		
	Money Market Fund	Intermediate Fund	Bond Fund	Money Market Fund	Intermediate Fund	Bond Fund
Bankers' acceptance	8.84%	—	—	6.04%	—	—
Corporate bonds	6.02%	69.90%	48.54%	4.06%	69.05%	54.45%
Treasury bills and term deposits	—	14.26%	—	—	10.21%	—
Commercial paper	85.14%	—	—	89.90%	0.84%	—
Federal bonds	—	—	30.40%	—	—	25.09%
Provincial bonds	—	15.84%	7.08%	—	19.90%	5.69%
Mortgages	—	—	7.91%	—	—	7.25%
Pooled funds	—	—	6.07%	—	—	7.52%
	100%	100%	100%	100%	100%	100%

The investments of the FNFA unit holders represent approximately 1.01% (2013 - 0.80%) of the Money Market Fund, 1.27% (2013 - 2.17%) of the Intermediate Fund, 0.29% (2013 - and 0.25%) of the Bond Fund administered by the MFA's Pooled Investment Funds.

# MFA MONEY MARKET FUND

as of December 31, 2014

## SHORT TERM NOTES

	COUPON RATE	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
<b>CORPORATE</b>					
ALTALINK LP	D/N DISCNT	JAN 29 15	15,165,000	15,148,764	1.23
BANK OF N.S.	BDN DISCNT	FEB 24 15	1,500,000	1,490,805	0.12
BANK OF N.S.	BDN DISCNT	FEB 25 15	31,000,000	30,806,870	2.50
BANK OF N.S.	BDN DISCNT	FEB 26 15	46,150,000	45,862,486	3.72
BANK OF N.S.	BDN DISCNT	MAR 05 15	22,000,000	21,862,940	1.77
BANNER TRUST	D/N DISCNT	FEB 04 15	4,000,000	3,987,720	0.32
BANNER TRUST	D/N DISCNT	JUN 03 15	15,000,000	14,903,550	1.21
BANNER TRUST	D/N DISCNT	JUN 05 15	22,000,000	21,858,540	1.77
BANNER TRUST	D/N DISCNT	JUN 10 15	11,000,000	10,929,270	0.89
BAY ST TRUST	D/N DISCNT	JAN 05 15	5,200,000	5,183,984	0.42
BAY ST TRUST	D/N DISCNT	FEB 05 15	13,250,000	13,167,055	1.07
BAY ST TRUST	D/N DISCNT	MAR 05 15	23,445,000	23,298,234	1.89
BAY ST TRUST	D/N DISCNT	MAR 23 15	14,000,000	13,956,460	1.13
BELL CANADA	D/N DISCNT	JAN 26 15	13,500,000	13,482,720	1.09
BELL CANADA	D/N DISCNT	JAN 27 15	12,200,000	12,183,530	0.99
BELL CANADA	D/N DISCNT	FEB 26 15	7,000,000	6,979,770	0.57
BRKFLD ASSET MGT	D/N DISCNT	JAN 16 15	14,000,000	13,980,680	1.13
BRKFLD ASSET MGT	D/N DISCNT	MAR 03 15	2,500,000	2,491,150	0.20
C.I.B.C.	B/A DISCNT	MAR 23 15	30,000,000	29,811,000	2.42
CDN MASTER TRUST	D/N DISCNT	JAN 05 15	8,800,000	8,744,648	0.71
CDN MASTER TRUST	D/N DISCNT	FEB 02 15	20,000,000	19,918,200	1.62
CDN MASTER TRUST	D/N DISCNT	MAR 25 15	21,315,000	21,183,273	1.72
CENTRAL 1 CU	D/N DISCNT	MAR 05 15	2,500,000	2,484,425	0.20
CENTRAL 1 CU	D/N DISCNT	MAR 10 15	8,500,000	8,447,045	0.69
CENTRAL 1 CU	D/N DISCNT	MAR 13 15	5,500,000	5,465,735	0.44
CENTRAL 1 CU	D/N DISCNT	MAR 18 15	7,000,000	6,956,390	0.56
CENTRAL 1 CU	D/N DISCNT	MAR 19 15	16,000,000	15,900,320	1.29
CENTRAL 1 CU	D/N DISCNT	APR 08 15	5,000,000	4,970,750	0.40
CENTRAL 1 CU	D/N DISCNT	APR 22 15	10,000,000	9,937,200	0.81
CENTRAL 1 CU	D/N DISCNT	MAY 11 15	4,000,000	3,975,280	0.32
CENTRAL 1 CU	D/N DISCNT	MAY 26 15	3,000,000	2,981,160	0.24
CLARITY TRUST	D/N DISCNT	MAR 30 15	20,000,000	19,876,400	1.61
CLARITY TRUST	D/N DISCNT	JUN 17 15	10,000,000	9,936,400	0.81
DARWIN REC TR	D/N DISCNT	JAN 08 15	10,000,000	9,970,500	0.81
DARWIN REC TR	D/N DISCNT	JUN 04 15	13,715,000	13,626,813	1.11
DARWIN REC TR	D/N DISCNT	JUN 05 15	18,650,000	18,530,081	1.50
ENBR GAS DIST	D/N DISCNT	JAN 06 15	4,000,000	3,994,520	0.32
ENBR GAS DIST	D/N DISCNT	JAN 07 15	16,000,000	15,985,480	1.30
ENBR GAS DIST	D/N DISCNT	JAN 09 15	4,000,000	3,995,640	0.32
ENBR GAS DIST	D/N DISCNT	JAN 14 15	4,000,000	3,994,920	0.32
ENBRIDGE INC	D/N DISCNT	FEB 11 15	5,750,000	5,731,830	0.46
ENBRIDGE INC	D/N DISCNT	FEB 24 15	2,450,000	2,442,209	0.20
FUSION TRUST	D/N DISCNT	JAN 23 15	14,000,000	13,957,020	1.13
FUSION TRUST	D/N DISCNT	JUN 12 15	21,000,000	20,864,970	1.69
GAZ METRO	D/N DISCNT	JAN 27 15	7,000,000	6,990,620	0.57
HSBC SECURITIES	B/A DISCNT	JAN 05 15	22,800,000	22,776,288	1.85
HSBC SECURITIES	B/A DISCNT	JAN 13 15	23,000,000	22,973,780	1.86
HSBC SECURITIES	B/A DISCNT	JAN 28 15	10,000,000	9,990,200	0.81
HUSKY ENERGY INC	D/N DISCNT	JAN 14 15	19,000,000	18,943,570	1.54
HUSKY ENERGY INC	D/N DISCNT	JAN 20 15	17,510,000	17,457,995	1.42
INTER PPL COR	D/N DISCNT	JAN 08 15	13,500,000	13,460,175	1.09
INTER PPL COR	D/N DISCNT	JAN 14 15	10,000,000	9,991,800	0.81
INTER PPL COR	D/N DISCNT	JAN 15 15	2,600,000	2,592,174	0.21
INTER PPL COR	D/N DISCNT	JAN 22 15	2,000,000	1,993,860	0.16
INTER PPL COR	D/N DISCNT	JAN 29 15	4,000,000	3,991,320	0.32
KING ST TRUST	D/N DISCNT	JAN 29 15	5,000,000	4,968,700	0.40
KING ST TRUST	D/N DISCNT	FEB 26 15	14,745,000	14,651,664	1.19
KING ST TRUST	D/N DISCNT	MAR 06 15	9,740,000	9,678,346	0.79
KING ST TRUST	D/N DISCNT	MAR 11 15	3,380,000	3,358,605	0.27
KING ST TRUST	D/N DISCNT	MAR 12 15	12,000,000	11,924,040	0.97
KING ST TRUST	D/N DISCNT	MAR 13 15	6,400,000	6,359,488	0.52
KING ST TRUST	D/N DISCNT	MAR 23 15	5,000,000	4,984,450	0.40
KING ST TRUST	D/N DISCNT	APR 01 15	2,570,000	2,553,912	0.21
MERIT TRUST	D/N DISCNT	JAN 16 15	18,200,000	18,145,036	1.47
MERIT TRUST	D/N DISCNT	JAN 30 15	10,500,000	10,467,765	0.85
MERIT TRUST	D/N DISCNT	JUN 10 15	12,000,000	11,922,840	0.97
NATL BK CDA	B/A DISCNT	FEB 19 15	23,640,000	23,570,735	1.91
NISSAN CDA FIN	D/N DISCNT	JAN 05 15	8,000,000	7,989,280	0.65
NISSAN CDA FIN	D/N DISCNT	JAN 07 15	8,000,000	7,988,320	0.65
NISSAN CDA FIN	D/N DISCNT	JAN 09 15	20,000,000	19,983,400	1.62
NOVA SCOTIA PWR	D/N DISCNT	JAN 13 15	8,000,000	7,989,200	0.65
NOVA SCOTIA PWR	D/N DISCNT	JAN 20 15	7,600,000	7,591,260	0.62
NOVA SCOTIA PWR	D/N DISCNT	JAN 21 15	3,325,000	3,321,176	0.27
NOVA SCOTIA PWR	D/N DISCNT	JAN 23 15	10,000,000	9,988,100	0.81
NOVA SCOTIA PWR	D/N DISCNT	JAN 28 15	7,000,000	6,991,180	0.57

**MFA MONEY MARLET FUND, CORPORATE (continued)**

	COUPON RATE	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
PLAZA TRUST	D/N DISCNT	MAR 30 15	13,600,000	13,466,992	1.09
PRIME TRUST	D/N DISCNT	JAN 16 15	14,000,000	13,957,720	1.13
PRIME TRUST	D/N DISCNT	JAN 22 15	7,500,000	7,475,575	0.61
PRIME TRUST	D/N DISCNT	JUN 08 15	3,215,000	3,194,103	0.26
PRIME TRUST	D/N DISCNT	JUL 02 15	20,000,000	19,870,000	1.61
RIDGE TRUST	D/N DISCNT	JAN 05 15	52,990,000	52,656,693	4.27
SAFE TRUST S96 1	D/N DISCNT	JAN 16 15	5,000,000	4,968,300	0.40
SAFE TRUST S96 1	D/N DISCNT	FEB 23 15	6,660,000	6,617,043	0.54
SAFE TRUST S96 1	D/N DISCNT	MAY 08 15	2,540,000	2,523,795	0.20
SAFE TRUST S96 1	D/N DISCNT	MAY 12 15	4,500,000	4,471,290	0.36
SAFE TRUST S96 1	D/N DISCNT	MAY 22 15	30,000,000	29,809,800	2.42
SAFE TRUST S96 1	D/N DISCNT	JUN 12 15	10,000,000	9,935,700	0.81
SOUND TRUST	D/N DISCNT	JAN 16 15	10,000,000	9,936,600	0.81
SOUND TRUST	D/N DISCNT	JAN 20 15	3,900,000	3,875,118	0.31
SOUND TRUST	D/N DISCNT	FEB 19 15	21,000,000	20,866,020	1.69
SOUND TRUST	D/N DISCNT	MAR 05 15	7,750,000	7,700,555	0.62
SOUND TRUST	D/N DISCNT	MAY 19 15	2,525,000	2,508,992	0.20
SOUND TRUST	D/N DISCNT	MAY 21 15	10,000,000	9,936,600	0.81
STORM KING	D/N DISCNT	FEB 05 15	3,000,000	2,981,070	0.24
TMX GROUP LTD	D/N DISCNT	JAN 22 15	10,000,000	9,992,100	0.81
TMX GROUP LTD	D/N DISCNT	JAN 28 15	7,500,000	7,483,950	0.61
TORONTO HYDRO	D/N DISCNT	JAN 06 15	2,500,000	2,498,850	0.20
TRANSCANADA PIPE	D/N DISCNT	JAN 06 15	6,925,000	6,919,806	0.56
TRANSCANADA PIPE	D/N DISCNT	JAN 26 15	2,000,000	1,995,720	0.16
ZEUS REC TRUST	D/N DISCNT	JAN 20 15	10,000,000	9,968,300	0.81
ZEUS REC TRUST	D/N DISCNT	JUN 09 15	12,500,000	12,419,625	1.01

**BONDS**
**CORPORATE**

BANK OF MONTREAL	3.93	APR 27 15	26,875,000	27,087,122	2.20
BANK OF N.S.	FRN FLTG	JAN 09 15	8,000,000	8,000,000	0.65
BANK OF N.S.	2.250	MAY 08 15	13,500,000	13,541,815	1.10
CIBC	3.10	MAR 02 15	18,200,000	18,252,182	1.48
NATIONAL BANK	FRN FLTG	OCT 15 15	7,000,000	7,019,110	0.57

**MFA INTERMEDIATE FUND**

as of December 31, 2014

**SHORT TERM NOTES**

	COUPON RATE	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
<b>PROVINCIAL</b>					
ONTARIO PROV	PTB DISCNT	JAN 14 15	12,260,000	12,141,743	3.72
ONTARIO PROV	PTB DISCNT	FEB 18 15	5,106,000	5,059,940	1.55
ONTARIO PROV	PTB DISCNT	APR 15 15	10,000,000	9,899,500	3.04
ONTARIO PROV	PTB DISCNT	APR 29 15	19,550,000	19,344,725	5.93

**BONDS**
**Provincial**

ONTARIO PROV	4.50	MAR 08 15	17,695,000	17,801,310	5.46
ONTARIO PROV	3.15	SEP 08 15	6,315,000	6,403,936	1.96
QUEBEC PROV	5.00	DEC 01 15	26,440,000	27,366,139	8.39

**CORPORATE**

407 INTL INC	3.88	JUN 16 15	9,745,000	9,854,591	3.02
BANK OF MONTREAL	3.49	JUN 10 16	5,250,000	5,388,555	1.65
BANK OF MONTREAL	2.96	AUG 02 16	9,700,000	9,899,502	3.04
BANK OF N.S.	2.10	NOV 08 16	15,325,000	15,438,663	4.74
BROOKFIELD ASSET MGT	5.20	SEP 08 16	2,100,000	2,207,544	0.68
CARDS II TRUST	1.98	JAN 15 16	16,900,000	16,979,620	5.21
CDN CREDIT CRD TRUST	1.59	SEP 24 15	1,500,000	1,502,117	0.46
CIBC	2.65	NOV 08 16	15,100,000	15,368,082	4.71
EAGLE CREDIT CR TRST	3.47	DEC 17 15	16,525,000	16,821,605	5.16
GOLDEN CREDIT CARD	3.51	MAY 15 16	16,605,000	17,044,208	5.23
HOLLIS REC TR II	2.23	SEP 26 16	16,875,000	17,042,060	5.23
HSBC BANK CANADA	2.57	NOV 23 15	16,930,000	17,083,260	5.24
JOHN DEERE CRED INC	5.45	SEP 16 15	15,315,000	15,739,754	4.83
MASTER CR CARD TRUST	3.50	MAY 21 16	16,630,000	17,056,992	5.23
NATIONAL BK CDA	2.05	JAN 11 16	15,185,000	15,264,195	4.68
ROGERS COMMUNICATION	5.80	MAY 26 16	2,110,000	2,224,351	0.68
ROYAL BANK CDA	3.36	JAN 11 16	14,930,000	15,204,842	4.66
TELUS CORP	3.65	MAY 25 16	2,125,000	2,180,052	0.67
WELLS FARGO FIN CDA	3.70	MAR 30 16	15,320,000	15,711,977	4.82

# MFA BOND FUND

as of December 31, 2014

## SHORT TERM NOTES

	COUPON RATE	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
<b>POOLED FUNDS</b>					
PHILLIPS HAGER&NORTH		INST S TIF SR O	3,746,432	37,464,324	6.09

## BONDS

### FEDERAL

CANADA GOVT	3.00	DEC 01 15	2,060,000	2,097,011	0.34
CANADA GOVT	1.50	FEB 01 17	7,219,000	7,291,536	1.19
CANADA GOVT	1.50	SEP 01 17	1,109,000	1,121,507	0.18
CANADA GOVT	1.25	MAR 01 18	901,000	904,238	0.15
CANADA GOVT	4.25	JUN 01 18	2,263,000	2,497,905	0.41
CANADA GOVT	1.25	SEP 01 18	367,000	367,953	0.06
CANADA GOVT	1.75	MAR 01 19	453,000	462,315	0.08
CANADA GOVT	1.75	SEP 01 19	23,521,000	23,959,079	3.90
CANADA GOVT	3.50	JUN 01 20	1,779,000	1,974,915	0.32
CANADA HOUSING TRUST	2.75	JUN 15 16	54,532,000	55,817,577	9.07
CANADA HOUSING TRUST	2.05	JUN 15 17	34,938,000	35,619,646	5.79
CANADA HOUSING TRUST	2.35	DEC 15 18	14,421,000	14,895,922	2.42
CANADA HOUSING TRUST	4.10	DEC 15 18	6,569,000	7,224,441	1.17
CANADA HOUSING TRUST	1.95	JUN 15 19	12,542,000	12,746,045	2.07
CANADA HOUSING TRUST	2.00	DEC 15 19	13,990,000	14,213,028	2.31
CANADA HOUSING TRUST	2.00	DEC 15 19	6,073,000	6,169,815	1.00
NHA MBS 97500720	0.65	JUN 01 16	2,675,000	1,863,016	0.30
NHA MBS 97500721	1.25	DEC 01 17	2,395,000	2,019,391	0.33
NHA MBS 97500982	1.65	APR 01 18	3,860,000	3,351,468	0.54
NHA MBS 97501190	1.50	DEC 01 17	1,790,000	1,534,928	0.25
NHA MBS 97502888	1.60	MAR 01 19	2,370,000	2,251,606	0.37
NHA MBS 97503417	1.75	AUG 01 19	3,715,000	3,663,188	0.60
NHA MBS 97503875	2.00	SEP 01 19	2,790,000	2,788,848	0.45
NHA MBS 97504101	1.90	NOV 01 19	1,780,000	1,781,641	0.29
NHA MBS 97504311	1.80	NOV 01 19	2,040,000	2,043,386	0.33
NHA MBS 97504367	1.80	DEC 01 19	1,350,000	1,350,790	0.22
NHA MBS 97537187	1.70	DEC 01 17	3,950,000	3,306,780	0.54
NHA MBS 97555494	2.50	JUN 01 15	5,215,000	2,697,064	0.44
NHA MBS 97558902	1.95	SEP 01 15	3,880,000	2,255,494	0.37
NHA MBS 97560841	2.75	NOV 01 15	1,865,000	1,065,879	0.17
NHA MBS 97570790	1.20	AUG 01 16	430,000	307,548	0.05
NHA MBS 97572770	1.50	SEP 01 16	1,900,000	1,297,770	0.21
NHA MBS 97577399	1.50	DEC 01 16	2,935,000	1,940,517	0.32
NHA MBS 97578983	1.35	MAR 01 16	1,000	714	0.00
NHA MBS 97591051	1.70	AUG 01 17	4,065,000	3,365,074	0.55
NHA MBS 97594733	1.50	SEP 01 17	2,520,000	2,176,646	0.35
NHA MBS 99009888	2.25	JAN 01 15	4,960,000	4,088,443	0.66

### PROVINCIAL

ONTARIO PROV	4.4	JUN 02 19	17,707,000	19,741,708	3.21
ONTARIO PROV	2.1	SEP 08 19	10,138,000	10,296,012	1.67

### CORPORATE

407 INTL INC	3.87	NOV 24 17	2,341,000	2,469,697	0.40
ALTALINK INV LP	3.674	JUN 05 19	981,000	1,037,608	0.17
ALTALINK INV LP	3.265	JUN 05 20	695,000	719,935	0.12
ALTALINK LP	3.621	SEP 17 20	765,000	819,878	0.13
ANHEUSER-BUSCH INBEV	2.375	JAN 25 18	1,545,000	1,559,407	0.25
AT&T INC	3.825	NOV 25 20	3,095,000	3,241,057	0.53
BANK OF AMERICA	F/F 4.810	JUN 01 11/16	3,414,000	3,405,607	0.55
BANK OF MONTREAL	3.49	JUN 10 16	4,216,000	4,327,266	0.70
BANK OF MONTREAL	2.96	AUG 02 16	8,998,000	9,183,064	1.49
BANK OF MONTREAL	2.24	DEC 11 17	1,308,000	1,322,117	0.21
BANK OF MONTREAL	F/F 4.870	APR 22 15/20	2,580,000	2,604,179	0.42
BANK OF MONTREAL	F/F 5.100	APR 21 16/21	1,020,000	1,062,193	0.17
BANK OF NOVA SCOTIA	2.10	NOV 08 16	7,363,000	7,417,610	1.21
BANK OF NOVA SCOTIA	2.740	DEC 01 16	7,111,000	7,248,945	1.18
BANK OF NOVA SCOTIA	4.100	JUN 08 17	5,017,000	5,296,233	0.86
BANK OF NOVA SCOTIA	2.400	OCT 28 19	849,000	855,620	0.14
BANK OF NOVA SCOTIA	3.270	JAN 11 21	1,520,000	1,592,902	0.26
BC GAS UTILITY	11.8	SEP 30 15	1,161,000	1,246,109	0.20
BC GAS UTILITY	10.3	SEP 30 16	869,000	993,481	0.16
BELL CANADA	5.00	FEB 15 17	80,000	85,155	0.01
BELL CANADA	3.50	SEP 10 18	2,160,000	2,259,484	0.37
BELL CANADA	3.54	JUN 12 20	265,000	277,334	0.05
BELL CANADA	FRN FLTG	APR 22 16	415,000	415,602	0.07
BK OF MONT NVCC	F/F 3.120	SEP 19 19/24	3,681,000	3,743,544	0.61
BROOKFIELD ASSET	5.3	MAR 01 21	2,510,000	2,804,555	0.46

**MFA BOND FUND, CORPORATE (continued)**

	COUPON RATE	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
BROOKFIELD ASSET MGT	3.950	APR 09 19	1,030,000	1,083,574	0.18
CANADIAN CR CD TST	2.306	APR 24 15	8,000,000	8,025,872	1.30
CARDS II TRUST	3.096	SEP 15 15	1,656,000	1,674,926	0.27
CARDS II TRUST	1.984	JAN 15 16	6,394,000	6,424,124	1.04
CATERPILLAR FIN SERV	2.120	NOV 25 16	775,000	781,183	0.13
CATERPILLAR FIN SERV	2.290	JUN 01 18	1,754,000	1,771,998	0.29
CDN CREDIT CRD TRUST	1.596	SEP 24 15	2,020,000	2,022,851	0.33
CHOICE PROP LP	3.00	APR 20 16	1,501,000	1,518,059	0.25
CHOICE PROP LP	3.60	APR 20 20	2,805,000	2,912,638	0.47
CHOICE PROP REIT	3.498	FEB 08 21	1,490,000	1,534,119	0.25
CIBC	1.75	JUN 01 16	5,855,000	5,867,663	0.95
CIBC	2.65	NOV 08 16	3,347,000	3,406,422	0.55
CIBC	3.95	JUL 14 17	2,342,000	2,467,053	0.40
CIBC	2.35	OCT 18 17	1,458,000	1,477,705	0.24
CIBC	F/F 4.110	APR 30 15/20	9,554,000	9,628,012	1.57
CIBC NVCC	F/F 3.000	OCT 28 19/24	3,105,000	3,142,610	0.51
COMINAR REAL EST	4.941	JUL 27 20	783,000	835,424	0.14
COMINAR REIT	3.62	JUN 21 19	675,000	685,755	0.11
COMINAR REIT	4.25	DEC 08 21	535,000	541,883	0.09
CROMBIE REIT	3.986	OCT 31 18	930,000	968,325	0.16
CROMBIE REIT	3.962	JUN 01 21	41,000	42,327	0.01
EAGLE CREDIT CARD TR	2.849	OCT 17 18	2,740,000	2,821,929	0.46
EMERA INC	2.96	DEC 13 16	4,500,000	4,593,289	0.75
ENBRIDGE GAS DIS	1.85	APR 24 17	1,750,000	1,758,627	0.29
ENBRIDGE GAS DIS	5.16	DEC 04 17	1,530,000	1,676,603	0.27
ENBRIDGE INC	5.17	MAY 19 16	3,155,000	3,297,588	0.54
ENBRIDGE INC	4.77	SEP 02 19	1,035,000	1,136,993	0.18
ENBRIDGE INC	4.26	FEB 01 21	415,000	448,504	0.07
ENBRIDGE INC	FRN FLTG	MAR 13 17	875,000	873,884	0.14
ENBRIDGE INCOME	2.920	DEC 14 17	1,210,000	1,233,691	0.20
ENBRIDGE PIPELINES	6.620	NOV 19 18	1,055,000	1,233,568	0.20
ENMAX CORP	6.15	JUN 19 18	1,600,000	1,791,605	0.29
EPCOR UTILITIES	6.75	MAR 22 16	40,000	42,436	0.01
FIRST CAP REALTY	5.60	APR 30 20	235,000	265,997	0.04
FIRST CAP REALTY	4.50	MAR 01 21	306,000	330,933	0.05
GENESIS TRUST II	2.295	FEB 15 17	3,253,000	3,295,091	0.54
GENESIS TRUST II	2.433	MAY 15 19	1,474,000	1,495,945	0.24
GOLDEN CREDIT CARD	3.510	MAY 15 16	1,586,000	1,627,950	0.26
GRANITE REIT HLDGS	3.788	JUL 05 21	750,000	768,283	0.12
HEATHROW FUNDING	3.00	JUN 17 21	885,000	904,200	0.15
HOLLIS REC TR II	2.235	SEP 26 16	3,069,000	3,099,383	0.50
HOLLIS REC TR II	2.434	JUN 26 19	1,970,000	1,993,498	0.32
HSBC BANK CANADA	2.572	NOV 23 15	2,756,000	2,780,949	0.45
HSBC BANK CANADA	2.901	JAN 13 17	7,308,000	7,475,282	1.22
HSBC BANK CANADA	2.938	JAN 14 20	100,000	103,034	0.02
HSBC BANK CANADA	2.908	SEP 29 21	2,525,000	2,577,293	0.42
HYDRO ONE	5.18	OCT 18 17	1,175,000	1,286,823	0.21
HYDRO ONE	2.78	OCT 09 18	1,547,000	1,600,622	0.26
INTER PIPELINE	FRN FLTG	MAY 30 17	1,695,000	1,692,554	0.28
INTER PIPELINE LTD	3.448	JUL 20 20	1,151,000	1,192,954	0.19
JOHN DEERE CDA FUND	1.950	JAN 14 16	704,000	707,114	0.11
JOHN DEERE CDA FUND	1.950	APR 12 17	5,000	5,029	0.00
JOHN DEERE CDA FUND	2.300	JAN 17 18	1,195,000	1,209,584	0.20
JOHN DEERE CDA FUND	2.650	JUL 16 18	1,060,000	1,084,955	0.18
JOHN DEERE CDA FUND	2.350	JUN 24 19	655,000	661,474	0.11
LOBLAW COS	3.748	MAR 12 19	2,790,000	2,947,052	0.48
LOWER MATTAGAMI	2.228	OCT 23 17	755,000	764,873	0.12
MAN TELECOM SVS	4.590	OCT 01 18	789,000	849,486	0.14
NATIONAL BK CDA	4.7	NOV 02 15	3,128,000	3,202,541	0.52
NATIONAL BK CDA	2.05	JAN 11 16	982,000	987,121	0.16
NATIONAL BK CDA	3.58	APR 26 16	721,000	739,388	0.12
NATIONAL BK CDA	2.019	APR 13 17	1,617,000	1,626,404	0.26
NATIONAL BK CDA	2.404	OCT 28 19	2,320,000	2,337,080	0.38
NATL GRID ELECT TRAN	2.900	NOV 26 19	4,500,000	4,634,191	0.75
NOVA GAS TRANS LTD	12.200	FEB 28 16	1,031,000	1,150,512	0.19
OMERS REALTY CORP	2.498	JUN 05 18	1,649,000	1,682,241	0.27
OMERS REALTY CORP	2.473	NOV 12 19	915,000	924,379	0.15
OMERS REALTY CORP	3.203	JUL 24 20	840,000	878,611	0.14
OMERS REALTY CORP	2.971	APR 05 21	990,000	1,022,139	0.17
ROGERS COMMUNICATION	5.800	MAY 26 16	1,830,000	1,929,176	0.31
ROGERS COMMUNICATION	3.000	JUN 06 17	883,000	905,387	0.15
ROGERS COMMUNICATION	2.800	MAR 13 19	2,680,000	2,730,854	0.44
ROGERS COMMUNICATION	4.700	SEP 29 20	285,000	314,916	0.05
ROYAL BANK CDA	2.68	DEC 08 16	11,065,000	11,270,533	1.83
ROYAL BANK CDA	3.66	JAN 25 17	380,000	394,718	0.06
ROYAL BANK CDA	2.58	APR 13 17	7,503,000	7,642,098	1.24
ROYAL BANK CDA	2.26	MAR 12 18	3,403,000	3,436,743	0.56
ROYAL BANK CDA	2.82	JUL 12 18	890,000	915,723	0.15
ROYAL BANK CDA	2.77	DEC 11 18	1,261,000	1,294,452	0.21
ROYAL BANK CDA	2.35	DEC 09 19	2,540,000	2,552,339	0.41

**MFA BOND FUND, CORPORATE (continued)**

	COUPON RATE	MATURITY DATE	PAR	MARKET VALUE	% OF TOTAL
ROYAL BK NVCC	F/F 3.450	SEP 29 21/26	875,000	895,569	0.15
SHAW COMMUNICATIONS	FLTG	FEB 01 16	865,000	866,721	0.14
SHAW COMMUNICATIONS	5.700	MAR 02 17	1,213,000	1,308,536	0.21
SHAW COMMUNICATIONS	5.650	OCT 01 19	2,708,000	3,074,014	0.50
SOBEYS INC	3.52	AUG 08 18	1,871,000	1,937,957	0.32
TD BANK	2.95	AUG 02 16	2,779,000	2,836,773	0.46
TD BANK	1.82	APR 03 17	11,373,000	11,402,287	1.85
TD BANK	2.62	DEC 22 21	1,100,000	1,103,664	0.18
TELUS CORP	11.9	NOV 22 15	1,695,000	1,843,596	0.30
TELUS CORP	3.65	MAY 25 16	838,000	859,710	0.14
TELUS CORP	5.05	JUL 23 20	846,000	951,819	0.15
TERANET HOLDINGS LP	3.531	DEC 16 15	4,595,000	4,664,007	0.76
THOMSON REUTERS CORP	3.369	MAY 23 19	4,090,000	4,240,143	0.69
THOMSON REUTERS CORP	3.309	NOV 12 21	1,140,000	1,157,630	0.19
TIM HORTONS INC	4.20	JUN 01 17	2,090,000	2,117,064	0.34
TIM HORTONS INC	2.85	APR 01 19	525,000	530,262	0.09
TMX GROUP INC	3.25	OCT 03 18	2,680,000	2,786,937	0.45
TMX GROUP INC	FRN FLTG	OCT 03 16	490,000	491,583	0.08
TORONTO DOMINION BK	2.433	AUG 15 17	1,686,000	1,713,060	0.28
TORONTO DOMINION	F/F 5.480	APR 02 15/20	3,976,000	4,012,408	0.65
TRANSCANADA PIPELINE	4.650	OCT 03 16	500,000	525,245	0.09
TRANSCANADA PIPELINE	9.450	MAR 20 18	1,620,000	1,969,257	0.32
UNION GAS LTD	11.5	AUG 28 15	1,930,000	2,049,742	0.33
UNION GAS LTD	9.70	NOV 06 17	1,152,000	1,392,265	0.23
UNION GAS LTD	2.76	JUN 02 21	705,000	718,965	0.12
WESTCOAST ENERGY	8.50	NOV 23 15	647,000	684,334	0.11
WESTCOAST ENERGY	5.60	JAN 16 19	2,123,000	2,386,605	0.39
WESTCOAST ENERGY	4.57	JUL 02 20	502,000	552,130	0.09
bcIMC REALTY CORP	2.650	JUN 29 17	1,861,000	1,905,262	0.31
<b>MORTGAGES</b>					
CMHC 1346915 AB LTD	3.240	JAN 01 19	918,817	944,439	0.15
CMHC 79229 MANITOBA	4.530	JAN 01 17	1,459,685	1,535,996	0.25
CMHC CYPRESS GLEN	4.420	JUN 01 17	838,040	887,585	0.14
CMHC HORIZON HOUSING	4.200	JUN 05 15	256,435	256,435	0.04



# FNFA MANAGEMENT TEAM



**Ernie Daniels,**  
President/CEO

As a Certified General Accountant (CGA) and a Certified Aboriginal Financial Manager (CAFM), Ernie is well equipped to navigate the organization through new and unexplored territory. As President /CEO he has been delegated the authority by the Board of Directors to manage the business affairs of the FNFA. Prior to coming to the FNFA, he was President/COO of the Aboriginal Financial Officers Association of Canada and Director of Assessment and Finance Operations at the Aboriginal Healing Foundation.

Ernie has a lifetime of experience with Aboriginal development corporations and non-profit organizations in leadership and management positions. He was a member of the CICA Research Study Group looking at financial reporting by First Nations and has served as Chair of the NWT Legislative Assembly Society, Chair of the NWT Development Corporation and is a former Board member of the First Nations Financial Management Board (FMB). His dedication to advancing First Nations in business and finance has won him the AFOA-Xerox Excellence in Aboriginal Leadership Award.

Ernie is a member of the Salt River First Nation in the Northwest Territories.



**Steve Berna,**  
Chief Operating Officer

As COO, Steve is responsible for operating the loan programs of the FNFA, as well as managing the rating agency and banking syndicate relationships that lead to debenture issuances. Steve also manages FNFA's internal investment portfolios.

Steve spent 17 years, 7 as CEO, developing the cooperative borrowing/investing model used in British Columbia, where all 210 local governments, regardless of size, received the benefits of a "AAA" credit rating (Municipal Finance Authority of BC). Debenture issuance was international in scope, and included complex Public Private Partnerships in Metro Vancouver area. Steve is a Chartered Accountant and has successfully completed the Canadian Securities Course with honours.



**Pam Severson,**  
Finance Officer/Corporate Clerk

As Finance Officer, Pam is responsible for all finance and accounting operations, payroll, management of the capital financing program, interim financing program, coordinating the information systems, and debenture software development. As Corporate Clerk, Pam is responsible to the Board of Directors, Committees and Senior Management for organizing and managing activities and records.

Pam has been with the FNFA since it started in the mid 1990's. Throughout the early development phase the FNFA was supported by the Westbank First Nation for which Pam was employed for 10 years as manager and accountant of the property tax department.



**Shannon Jenner,**  
Administrative Assistant

Shannon is the voice you hear when you call, and the smile you see when you visit the FNFA. In addition to answering phones and greeting visitors, Shannon is responsible for staff travel arrangements, various office management functions, incoming and outgoing mail, assisting in conference organization, monitoring the FNFA website and assisting administrative personnel with overflow projects.

Shannon is a member of the Westbank First Nation (WFN) and prior to working with the FNFA she worked 15 years for the WFN in several administrative positions.



**Jo-Ann Derrickson,**  
Client Services Coordinator

As Client Services Coordinator, Jo-Ann works very closely with the First Nations to assist them through the FNFA Membership and Borrowing processes. Her knowledge and experience in the area of First Nations business administration and governance provides an extensive skill set in leadership, managing both people and systems with a strong focus on organizational excellence.

Jo-Ann is a member of the Westbank First Nation (WFN) and contributed to her community through her various roles over the past twenty years as Health Care Administrator, Director of Operations, Residential Care Facility Administrator and Manager of Community Services.



**Frank Busch,**  
Director of Information and Marketing

As Director of Information and Marketing, Frank is responsible for building and maintaining relationships with First Nations and providing information to First Nation Councils, Finance Staff and Members that increases awareness of the FNFA Financing, Investment and Advisory Services.

Frank is a member of the Nisichawayasihk Cree Nation and grew up in Northern Manitoba. He was educated at the University of Manitoba and has spent his professional life in the Finance Sector. In addition to working with large corporations in Canada, he also has previous experience with First Nations business, non-profits and government at the band, regional tribal council, provincial, national and international levels.



**Stephen Blancher,**  
Systems Analyst

As Systems Analyst, Stephen monitors and manages many aspects of the FNFA's information technology systems. He performs various tasks under a multitude of studies which include Linux Administration, Oracle Database Administration, Application Development, and offers expert IT advice and troubleshooting.

Hailing from Prince Albert, SK, Stephen moved to beautiful Kelowna, BC ten years ago. He graduated high school and quickly went on to post-secondary at Okanagan College. Obtaining his Bachelor's Degree in 2014.



## CONTACT INFORMATION

### FIRST NATIONS FINANCE AUTHORITY

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### INDEPENDENT AUDITORS

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Arbutus Law  
Victoria, BC

### BOND COUNSEL

Trevor Scott  
Farris, Vaughan, Wills & Murphy LLP  
Vancouver, BC

### SENIOR POLICY ADVISOR

Dr. Tim Raybould,  
Quathiaski Cove, BC





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