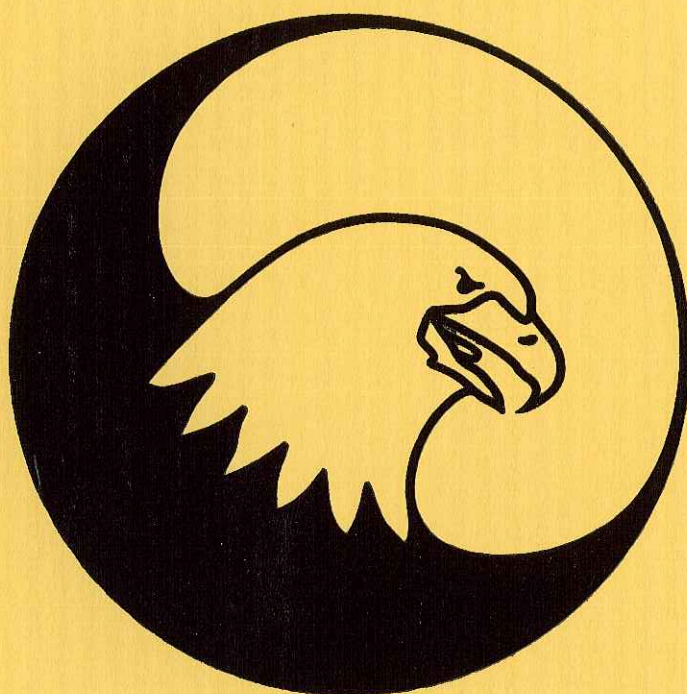


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FIRST NATIONS FINANCE AUTHORITY



2002 Annual Report

First Nations Finance Authority

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2002 ANNUAL REPORT

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MEMBERS

Adams Lake Indian Band
Bonaparte Indian Band
Chawathil Indian Band
Chemainus First Nation
Ch-ihl-kway-uhk Tribe Society
Columbia Lake First Nation
Cowichan Tribes
Greater Massett Development Corporation
Kamloops Indian Band
Kwakiutl-Laich-Kwil-Tach Nations Treaty Society
Kwaw Kwaw A Pilt Band Taxation

Lakahahmen Band Taxation
Lower Kootenay Band
Matsqui Band Taxation
Matsqui First Nation
Millbrook First Nation
Namgis First Nation
Old Massett Village Council
Seabird Island Indian Band
Skowkale Band Taxation
Sliammon Taxation Authority
Songhees Indian Band
Songhees Indian Band & Esquimalt First Nation Trust

Squiala First Nation
St. Mary's Band
Sto:lo Nation Investment T'it'q'et
Te'mexw Treaty Association
Tsawout First Nation
Tsawwassen First Nation
Tzeachten Band Taxation
Tzeachten First Nation
Westbank First Nation
Westbank First Nation Taxation
White Bear First Nation

DIRECTORS



President/C.E.O.
Deanna Hamilton



Vice President
Chief Joe Hall



Secretary/Treasurer
Chief Sophie Pierre



Director
Chief Garry Albany



Director
Alexander Cope

CONSULTANTS

Municipal Finance Authority of B.C.
Victoria, B.C.

AUDITORS

KPMG
Victoria, B.C.

GENERAL LEGAL COUNSEL

Micha J. Menczer
Vancouver, B.C.

BOND COUNSEL

R.T. Bryant
Bryant & Co.
Victoria, B.C.

SENIOR POLICY ADVISOR

T. J. Raybould
Westbank, B.C.



To the Members of the First Nations Finance Authority;

It was with great pleasure and very satisfying to be in the House of Commons on December 2nd 2002 when Bill C-19, the First Nations Fiscal and Statistical Management Act was tabled and read for the first time. Bill C-19 is expected to complete the parliamentary process and become law by the summer of 2003. The introduction of Bill C-19, while closing one chapter in the history of the FNFA opens up an exciting and new chapter; one that we have been waiting for quite some time as we move that much closer to establishing the first ever indigenous credit and the issuance of our inaugural debenture.

The First Nations Fiscal and Statistical Management Act establishes four national First Nations Fiscal Institutions. In addition to the FNFA, it establishes the First Nations Tax Commission (FNTC) replacing the Indian Taxation Advisory Board, and two new institutions, the First Nation Financial Management Board (FMB) and First Nations Statistics. Bill C-19 sets out the regulatory framework for First Nations borrowing through the FNFA and is faithful to the FNFA business plan. The FNFA will pool the capital requirements of qualified First Nations, issue bonds, sell them, and then lend the proceeds of the bond issues back to the participating First Nations. Borrowing in the first instance will be for local infrastructure purposes (such as sewer and water) that will support economic development, and where the bonds are secured through property tax revenues.

Some of the highlights of Bill C-19 that support a strong collective credit for the FNFA include: a 'lock box' on participating First Nation property tax accounts ensuring that debt repayment is a priority; certification of borrowing members by FMB to ensure sound financial management; FNTC approval of borrowing laws taking into consideration project viability, debt carrying capacity and debt servicing levels; and; ultimately the joint and several responsibility of the participating First Nations who stand together behind the collective credit.

The FNFA will as a statutory body continues to provide access to investments pools for our Members separate and apart from our borrowing programs. Our investment pools have been in existence for over eight years and are utilized by more than 50 First Nations from across Canada. We continue to provide two competitive investment funds with low management fees; an inter-

mediate fund (primarily investing in high quality fixed income securities) and a money market fund (investing primarily in short term paper). Both of these funds continue to perform well in their class and continue to be safe havens for money not immediately required. The FNFA expects to add a Bond Fund in 2003.

The FNFA is modeled on the Municipal Finance Authority of BC (MFABC). Without the support and assistance of the MFABC, both from staff and the Trustees, it is hard to imagine being where we are today. In recognition of this partnership and ongoing business relationship, the MFABC and the FNFA have agreed to enter into an advisory services contract whereby the MFABC will continue to provide assistance and support to the FNFA through our initial debt issues. On this note, I am pleased to announce that Mr. James Craven, former Executive Director of the MFABC and a key driving force behind the MFA has been retained by the Board as a special advisor to the FNFA. He will be working very closely with the FNFA staff and the Board as we move into the next chapter of our history.

The FNFA, in conjunction with our partners, continues to explore opportunities for providing financing to First Nations in areas other than infrastructure financing based on property taxes. Areas under consideration include community housing and oil and gas pipeline construction. These programs would be separate and apart from the borrowing undertaken in respect of property taxation and would in all likelihood be carried out under regulation passed pursuant to Bill C-19.

In closing I would like to acknowledge my own community, Westbank First Nation, who sponsored the FNFA initiative since the inception of the idea in 1991. I would also like to express my gratitude to the current Board members for their dedication during these formative years. The current Board will remain in place through the transition to a statutory body. In the future the Board will be elected by the Borrowing Members in accordance with the Act.

Deanna Hamilton
President/C.E.O.

The FNFA is governed by an all aboriginal Board made up of political leaders representing the participating First Nations. The current Board is:



Deanna Hamilton

President/C.E.O.

Deanna Hamilton is Okanagan and a member of the Westbank First Nation in British Columbia, Canada. Ms. Hamilton coordinated the development of the First Nations Finance Authority (FNFA) from its conception in 1992 through to

incorporation of the authority in 1995. The FNFA will serve First Nations governments choosing to use its services to attain affordable capital for infrastructure on national and international markets. She is currently the President and Chief Executive Officer of the FNFA.

Ms. Hamilton attended the University of British Columbia. Throughout her career she has worked in business in a number of management and supervisory positions and has successfully operated her own land development companies. Ms. Hamilton returned to her community in 1990 and accepted the position of Surveyor of Taxes for the Westbank First Nation and was responsible for establishing the system of property tax administration at Westbank. Ms Hamilton was elected Councillor to the Westbank First Nation from 1996 to 1998 and 2000 to 2002. She has been active in Band administration and governance as indicated by the many various organizations and boards she has served on over the years: Westbank First Nation Self-government; Westbank First Nation Corporations; and Westbank First Nation Treaty Negotiations Table.

Ms. Hamilton is past president of the First Nation Tax Administrators Association, was a Board member of the Kelowna Chamber of Commerce, a Director of All Nations Trust Company, served two consecutive terms as Director of the British Columbia Assessment Authority and was a member of the National Revenue Options Technical Table.

Ms. Hamilton is married, has three children and resides in Westbank, British Columbia.

Chief Joe Hall

Vice President

Joe Hall is the Chief Executive Officer of Sto:lo Nation. Under his leadership, the Sto:lo Nation provides a number of programs and services within the following departments: Aboriginal Rights & Title, Community Development, Finance & Administration, Fisheries, Xyolhemeylh Child, Family and



Health Services.

A graduate of the BC Institute of Technology and BC Vocational School, Joe subscribes to the life-long learning concept and has enhanced his skill set through training at the University of BC, the University of Victoria, the Justice Institute and the University College of the Fraser Valley.

Prior to coming to the Sto:lo Nation in 1996, Joe was employed for eleven years with Genstar Development Company as a Civil Engineering Technician, where he was primarily involved in land development.

Joe is Chief of the Tzeachten First Nation, a dynamic and progressive First Nation located in the Fraser Valley.

Joe has served on a number of Boards and Committees including:

- Former member of the BC AFN Chiefs' Committee on Housing.
- Former member of the Chilliwack Economic Partnership Corporation.
- Former Chairman of the First Nation Education Steering Committee.
- Former member of the RCMP Commissioner's Advisory Panel.
- Former member of the Chilliwack Official Planning Committee.
- Lectured at the University of Victoria on property taxation.
- Participated on the tax panel at the Union of BC Municipalities in Victoria.
- Assisted the BC Region DIAND Executive Committee with the development of the "Government to Government" handbook.

Joe's current affiliations:

- Director of the Tale'awtxw Aboriginal Capital Corporation;
- Chairman of the Tale'awtxw Economic Development Association;
- Director of the Sto:lo Nation Development Corporation;
- Chairman of the Sto:lo Development Corporation Investment Committee;
- Vice-President of the First Nations Finance Authority;
- Member of the BC Assembly of First Nations Chiefs' Committee on Fiscal Relations;
- Member of the Advisory Panel for the First Nations Statistical Institute;
- BC Commissioner for Taking Affidavits.

Joe is married with two sons and is a very active participant and coach, with more than 30 years involvement in community sports (baseball, soccer).

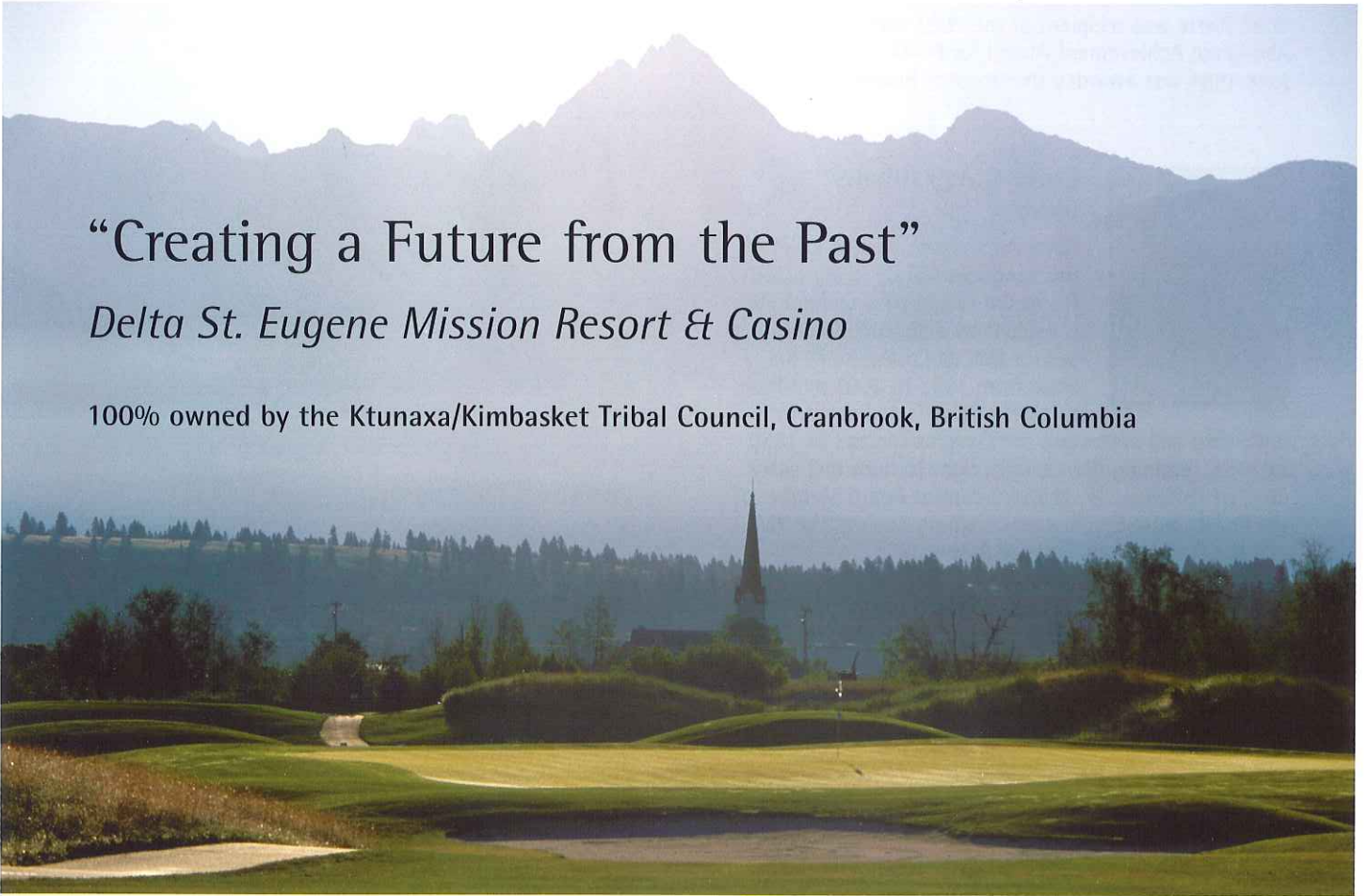
Continued on page 6



“Creating a Future from the Past”

Delta St. Eugene Mission Resort & Casino

100% owned by the Ktunaxa/Kimbasket Tribal Council, Cranbrook, British Columbia



Continued from page 4



Chief Sophie Pierre

Secretary/Treasurer

Sophie Pierre is the elected Chief of the St. Mary's Indian Band and Administrator for the Ktunaxa/Kinbasket Tribal Council. Previously she served as Chief of the St. Mary's Indian Band for a decade from 1978 - 1988, and Councillor 1988 - 1992. Chief Pierre has been instrumental in the quest to resolve land claims in B.C, has been involved in the work of the British Columbia Claims Task Force, and was co-chair of the First Nations Summit. She has served on a number of Boards and committees. Currently Chief Pierre is Chairperson of the Board of Regents for the Ktunaxa Independent School System, a board member of BC Hydro Power Authority and Chairperson of the St. Eugene Mission Development Board. In the past, she has been an executive member of the First Nations Congress, a board member of the Native Courtworkers and Counselling Association, a board member of UNESCO - Decade for culture, and a board member and Chairperson of the College of the Rockies. Chief Pierre has been an associate instructor in the Administration of Aboriginal Governments Program at the University of Victoria.

Chief Pierre was recipient of the 2003 National Aboriginal Achievement Award for Public Service and in June 1994 was awarded the Order of British Columbia.



Chief Garry Albany

Director

Garry Albany was elected Chief of the Songhees Nation in June 2001. His desire to serve his community is evident by a decade of continued service first as Councillor of his Band from 1993 to 2001 and then as chief. Garry is dedicated to upholding and protecting the Douglas Treaties of 1850 to 1854, retaining his societies right to hunt and carry on their fisheries. He is also a current Board Member of the Coast Salish Employment Training Society, the YMC and the First Nations Finance Authority.

Garry is a successful businessman and owner of a manufactured home park. He is married, has 9 children and 7 grandchildren.



Alexander Cope

Director

A member of the Millbrook First Nation, located in Truro, Nova Scotia, Alexander Cope is presently serving his fifth 2-year term as Band Councillor. Alex graduated from the University of New Brunswick in 1991 with a Bachelor Business Administration and currently holds the position of Band Administrator for the Millbrook First Nation. Alex also serves on the Regional Amalgamated School Board.

Auditor's Report to the Members of the
First Nations Finance Authority Inc.

We have audited the statements of net assets of the Money Market Fund and the Intermediate Fund of the **First Nations Finance Authority Inc.** (the "FNFA") as at December 31, 2002 and 2001 and the statements of operations and unitholders' equity of each of these Funds for the years then ended. These financial statements are the responsibility of the FNFA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of these Funds as at December 31, 2002 and 2001 and the results of their operations and the changes in their net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The letters are written in a cursive, slightly slanted style.

Chartered Accountants

Victoria, Canada

February 6, 2003

POOLED INVESTMENTS

FIRST NATIONS FINANCE AUTHORITY INC.
Pooled Investments - Statements of Net Assets

December 31, 2002 and 2001

	Money Market Fund		Intermediate Fund		Total	
	2002	2001	2002	2001	2002	2001
ASSETS						
Cash	\$ 70	\$ 139	\$ 872	\$ 601	\$ 942	\$ 740
Investments (note 2)	4,941,101	3,505,753	4,744,453	4,772,056	9,685,554	8,277,809
Unitholder receivable	6,354	-	22,387	-	28,741	-
	\$4,947,525	\$3,505,892	\$4,767,712	\$4,772,657	\$9,715,237	\$8,278,549
LIABILITIES						
Accrued management fees	\$ 650	\$459	\$830	\$745	\$1,480	\$1,204
Unitholder payable	25,842	948	-	-	25,842	948
	26,492	1,407	830	745	27,322	2,152
NET ASSETS AND UNITHOLDERS' EQUITY	4,921,033	3,504,485	4,766,882	4,771,912	9,687,915	8,276,397
	\$4,947,525	\$3,505,892	\$4,767,712	\$4,772,657	\$9,715,237	\$8,278,549

See accompanying notes to financial statements.

Approved by the Director



FIRST NATIONS FINANCE AUTHORITY INC.
Pooled Investments - Statements of Operations and Unitholders' Equity

Year ended December 31, 2002 and 2001

	Money Market Fund		Intermediate Fund		Total	
	2002	2001	2002	2001	2002	2001
INVESTMENT INCOME						
Interest income	\$145,156	\$204,239	\$215,757	\$192,761	\$360,913	\$397,000
Less management fees	8,140	6,807	10,032	8,952	18,172	15,759
	137,016	197,432	205,725	183,809	342,741	381,241
GAIN ON INVESTMENTS						
Net realized gain (loss)	(213)	-	(101,142)	96,350	(101,355)	96,350
Net unrealized gain	254	-	15,103	30,708	15,357	30,708
Net gain on investments (loss)	41	-	(86,039)	127,058	(85,998)	127,058
NET EARNINGS DISTRIBUTED	\$137,057	\$197,432	\$119,686	\$310,867	\$256,743	\$508,299
NET ASSETS AND UNITHOLDERS' EQUITY						
Units outstanding, beginning of the year	\$3,504,485	\$5,593,358	\$4,771,912	\$4,194,328	\$8,276,397	\$9,787,686
Units subscribed	5,679,491	509,729	-	266,717	5,679,491	776,446
Distributions reinvested	137,057	197,432	119,686	310,867	256,743	508,299
Units redeemed	(4,400,000)	(2,796,034)	(124,716)	-	(4,524,716)	(2,796,034)
Units outstanding, end of the year	\$4,921,033	\$3,504,485	\$4,766,882	\$4,771,912	\$9,687,915	\$8,276,397

See accompanying notes to financial statements.

FIRST NATIONS FINANCE AUTHORITY INC.
Pooled Investments – Notes To Financial Statements

Year ended December 31, 2002 and 2001

First Nations Finance Authority Inc. (the "FNFA") was incorporated February 13, 1995 under the Canada Business Corporation Act and operates as a federally incorporated entity to provide investment pooling arrangements and to develop borrowing capacity for First Nations governments. The FNFA, through an agreement with the Municipal Finance Authority of British Columbia (the "MFA"), acts as a non-assignable corporate investment vehicle contracting with the MFA for the provision of investment services for FNFA unitholders. The operations of the funds are monitored by a FNFA Investment Committee appointed from various First Nations governments.

1. SIGNIFICANT ACCOUNTING POLICIES:

The FNFA invests monies received from unitholders in two pooled investment funds administered by the MFA:

- Money Market Fund; and
- Intermediate 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.

The financial statements have been prepared by management in accordance with the following significant accounting policies that are generally accepted in the investment fund industry.

(a) Money Market Fund:

- (i) Investments are carried at cost, adjusted for amortization of premiums and accretion of discounts on an effective yield basis, which approximates market value.
- (ii) Interest income is recognized as earned.
- (iii) Management fees are accrued daily at the rate of 3/20 of 1% 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:

- (i) Investments are carried at market values which are determined as follows:
 - * Bonds and debentures - at the quoted mid-market value.
 - * Treasury bills, short-term notes, etc. - at amortized cost which approximates mid-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 weekly and at month end at the rate of 1/5 of 1% 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 basis over the term of the investment.

FIRST NATIONS FINANCE AUTHORITY INC.
Pooled Investments – Notes To Financial Statements

Year ended December 31, 2002 and 2001

2. INVESTMENTS:

The investments held by the FNFA represent their unitholders proportionate share of securities invested in the Money Market Fund and Intermediate Fund administered by the MFA's Pooled Investment Funds. As at December 31, the Money Market Fund and Intermediate Fund of the MFA held the following securities:

	2002		2001	
	Money Market Fund	Intermediate Fund	Money Market Fund	Intermediate Fund
Bankers' acceptance	8.72%	-	1.31%	-
Corporate bonds, coupons and notes	8.63%	25.89%	-	29.7%
Government of Canada:				
Bonds	-	-	-	45.1%
Treasury bills	35.69%	74.11%	59.65%	25.2%
Commercial paper	46.96%	-	39.04%	-
	100%	100%	100%	100%

The investments of the FNFA unitholders represent approximately 0.6% (2001 - 0.5%) of the Money Market Fund and 4.5% (2001 - 2.9%) of the Intermediate Fund administered by the MFA's Pooled Investment Funds.

3. MANAGEMENT FEES:

A portion of management fees paid to the MFA is attributable and paid to the FNFA general operating fund by the MFA. In 2002, management fees of \$4,073 (2001 - \$3,133) were paid to the FNFA general operating fund through the MFA.

Money Market Fund - Schedule of Investments - (Schedule 1)

December 31, 2002

Thousands of Dollars

	MATURITY DATE	PAR	COST	% OF TOTAL
SHORT TERM INVESTMENTS:				
Treasury Bills				
Canada Treasury Bill	February 13, 2003	\$ 65,750	65,466	
Canada Treasury Bill	February 27, 2003	57,500	57,256	
Canada Treasury Bill	March 13, 2003	102,000	101,417	
Canada Treasury Bill	April 24, 2003	<u>74,450</u>	<u>73,836</u>	
		299,700	297,975	35.69
Bankers' Acceptance				
Canadian Imperial Bank of Commerce	February 17, 2003	15,400	15,344	
Canadian Imperial Bank of Commerce	February 28, 2003	2,750	2,738	
HSBC Bank Canada	March 20, 2003	30,000	29,819	
Toronto Dominion Bank	January 29, 2003	<u>25,000</u>	<u>24,946</u>	
		73,150	72,847	8.72
Discount Commercial Paper				
Alcan Aluminium	March 24, 2003	12,000	11,921	
Alcan Aluminium	March 27, 2003	4,000	3,973	
AMT Trust	February 10, 2003	30,000	29,907	
AMT Trust	March 20, 2003	3,300	3,280	
Associates Capital	January 03, 2003	550	550	
Associates Capital	February 11, 2003	10,000	9,968	
Associates Capital	February 14, 2003	17,000	16,942	
Bay Street Funding Trust	March 21, 2003	5,700	5,665	
Cadbury Beverages Canada Inc.	February 11, 2003	13,000	12,959	
Caterpillar Financial Services Inc.	March 20, 2003	7,000	6,958	
Chevron Canada Capital Company	February 06, 2003	3,400	3,390	
Chevron Canada Capital Company	February 18, 2003	9,200	9,166	
Clear Trust	February 10, 2003	17,800	17,745	
Clear Trust	February 12, 2003	10,000	9,967	
Congress Financial Corporation	February 12, 2003	5,000	4,984	
Credit Union Central of B.C.	March 17, 2003	10,000	9,942	
Diversified Trust	March 19, 2003	12,000	11,928	
Foothills Pipe Lines Ltd.	February 10, 2003	10,500	10,466	
Foothills Pipe Lines Ltd.	February 26, 2003	6,300	6,272	
General Electric Capital Canada	February 19, 2003	7,500	7,471	
Household Financial Corp.	February 13, 2003	5,900	5,879	
Hydro One Inc.	February 18, 2003	17,500	17,432	
Manulife Bank of Canada	February 03, 2003	2,850	2,836	
Mccain Finance (Canada) Ltd.	January 30, 2003	5,000	4,988	
Mccain Finance (Canada) Ltd.	February 25, 2003	7,500	7,467	
Pure Trust	February 13, 2003	16,000	15,947	
Pure Trust	February 14, 2003	9,600	9,567	
Rac Trust	January 29, 2003	20,000	19,957	
Rac Trust	February 10, 2003	10,400	10,368	
Safe Trust	January 29, 2003	20,000	19,957	
Safe Trust	February 07, 2003	14,000	13,960	
Smart Trust	January 28, 2003	11,500	11,476	
Storm King Funding Trust	February 12, 2003	12,000	11,961	
Storm King Funding Trust	February 13, 2003	7,500	7,475	
Transalta Corporation	February 14, 2003	12,000	11,959	
Transalta Corporation	February 28, 2003	8,500	8,462	
Thomson Corporation	January 30, 2003	8,000	7,962	
Wells Fargo Company	February 13, 2003	<u>11,000</u>	<u>10,964</u>	
		393,500	392,091	46.96
TOTAL SHORT TERM INVESTMENTS		\$766,350	762,913	91.37

Money Market Fund - Schedule of Investments - (Schedule 1 continued)

December 31, 2002				Thousands of Dollars
	MATURITY DATE	PAR	COST	% OF TOTAL
SHORT TERM INVESTMENTS:				
Corporate Bonds				
Americredit Can Rec Trust	December 06, 2009	15,700	15,753	
Bank of Nova Scotia	April 01, 2008	2,900	2,961	
Caterpillar Financial Services	March 10, 2003	10,000	10,019	
CNH Capital Canada Receivable Trust	May 15, 2010	14,900	14,937	
Consumers Gas Company	May 01, 2003	3,000	3,015	
GMAC Canada Ltd.	April 25, 2003	5,000	5,087	
Household Financial Corp.	March 10, 2003	8,500	8,743	
John Deere Credit Inc.	May 05, 2003	11,450	11,510	
		71,450	72,025	8.63
TOTAL INVESTMENTS PORTFOLIO		\$837,800	834,938	100.00

Intermediate Fund - Schedule of Investments - (Schedule 2)

December 31, 2002				Thousands of Dollars
	MATURITY DATE	PAR	MARKET	% OF TOTAL
SHORT TERM INVESTMENTS:				
Treasury Bills				
Canada Treasury Bills	May 22, 2003	15,900	15,734	
Canada Treasury Bills	September 11, 2003	63,145	61,934	
TOTAL SHORT TERM INVESTMENTS		\$79,045	77,668	74.11
Canadian Bonds				
Corporate Bonds				
Associates Capital Corp. of Canada	September 26, 2003	5,000	5,218	
Bell Canada	May 01, 2003	5,000	5,095	
Heller Financial Canada	June 02, 2003	5,000	5,074	
New Brunswick Telephone	June 16, 2003	3,999	4,069	
Nova Gas Transmission	July 15, 2003	2,400	2,557	
Wells Fargo Financial Canada	June 02, 2003	5,000	5,120	
TOTAL CANADIAN BONDS		\$26,399	27,133	25.89
TOTAL INVESTMENTS PORTFOLIO		\$105,444	104,801	100.00

INCORPORATION

Federally incorporated February 13, 1995, the First Nations Finance Authority (the Authority) is governed by an all aboriginal Board of Directors. The corporation is authorized to issue unlimited class A (voting) and class B (non-voting) shares. The beneficial interests in the shares can only be owned by First Nation governments. Articles of Incorporation restrict the sale, transfer or disposal of shares without consent by resolution of the Board of Directors.

On February 23, 1995 the FNFA entered into a contract with the Municipal Finance Authority of British Columbia to provide consulting services and access to MFA investment pooling activities.

POOLED INVESTMENTS

Organization

The First Nations Finance Authority has by contract arranged to participate in the MFA short to intermediate term investment pool. These funds are the Money Market Fund and the Intermediate Fund. Both of these funds offer flexibility of subscription and redemption with ease of electronic access.

Investment Activities

By contract the investment activities of the funds are governed by the Municipal Finance Authority Act and a charter of investment policies, objectives and guidelines.

The operation of the Funds is monitored by the FNFA Investment Committee who coordinates with the Fund Manager to review investment performance and proposed strategy. The custodian reports annually on the Funds' administration, reporting and custodial system.

FUTURE ACTIVITIES

Funding

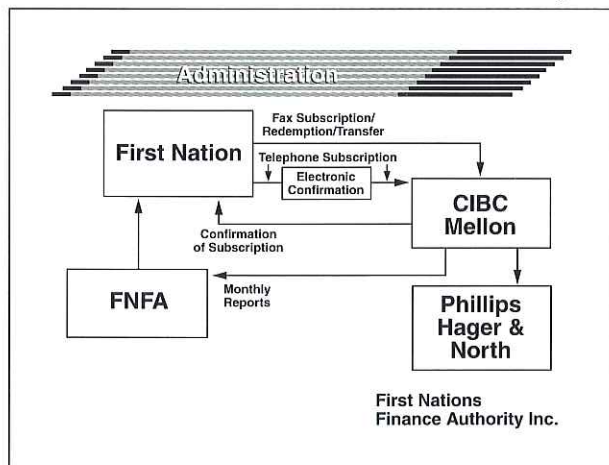
Once legislation has been enacted it is proposed that participating First Nations, either through their tribal councils or on their own behalf, wishing to finance capital projects, will present their approved requests to the Authority.

Taking into account market and economic conditions, the members of the Authority may authorize the issue and sale of securities in an amount sufficient to meet the requests.

Securities of the Authority, the proceeds of which would not exceed the amount authorized, may then be issued at such rates and pursuant to such terms and conditions and in such markets and currencies as the Directors may determine. The Authority would have the power to provide for the creation, management and application of reserve sinking funds or other means of securing the repayment of securities issued by the Authority.

A separate account would be maintained for each sinking fund that could not be immediately applied toward paying the debt or discharging the obligation and would be in the highest quality money market instruments.

Figure 1



The diagram above shows how the Funds are managed: (Fig. 1)

PROTECTION FOR INVESTORS

The future federal legislation would establish the terms and conditions for securities of the Authority providing protection of investors. In the Authority, the combined credit of all the participants would stand behind the Authority's obligations.

In addition, the Authority would establish a debt reserve fund into which each participating member shares in the proceeds of a securities issue having a term to maturity of five years or over must contribute an amount equal to one-half the average annual installment of principal and interest for repayment of the issue; such amount would be payable to the Authority at the time of issue either in full or in an amount equal to five percent of the principal amount borrowed with the balance secured by a non-interest bearing demand note of the participating member issued to the Authority. Moneys paid into the debt reserve fund, and interest earned thereon, would be obligations of the Authority to the member and would be refunded to them when the final installments of their loans have been repaid.

If at any time the Authority lacked sufficient funds to meet the principal, interest or sinking fund payments due on its obligations, it would utilize the debt reserve fund, all or any part of which is available to satisfy the Authority's obligations, regardless of the sources of the moneys in the fund. In the event that payments were ever made from the debt reserve fund, the Authority would be able to recover such payments from the member involved in order to restore the debt reserve fund. If the Directors were of the opinion that payments made from the debt reserve fund would not be recovered within a reasonable period, they would be able to levy upon all taxable land or other improvements of the participants a tax or charge sufficient to restore the fund to its required amount. It would be mandatory for the Directors to levy such a charge or tax when the balance in the debt reserve fund is less than fifty percent of the amount that would have been in the fund had no such payments been made. The Directors' power to impose

taxes or charges would not require the permission or approval of any other governmental authority. Pending the receipt of such taxes or charges, the Authority would be able to borrow an equivalent amount to meet its obligations. It is anticipated that there will be a legislated governing body that will assure the debt reserve fund will be maintained in accordance with the legislation.

Moneys in the debt reserve fund would be invested primarily in the highest quality money market investments.

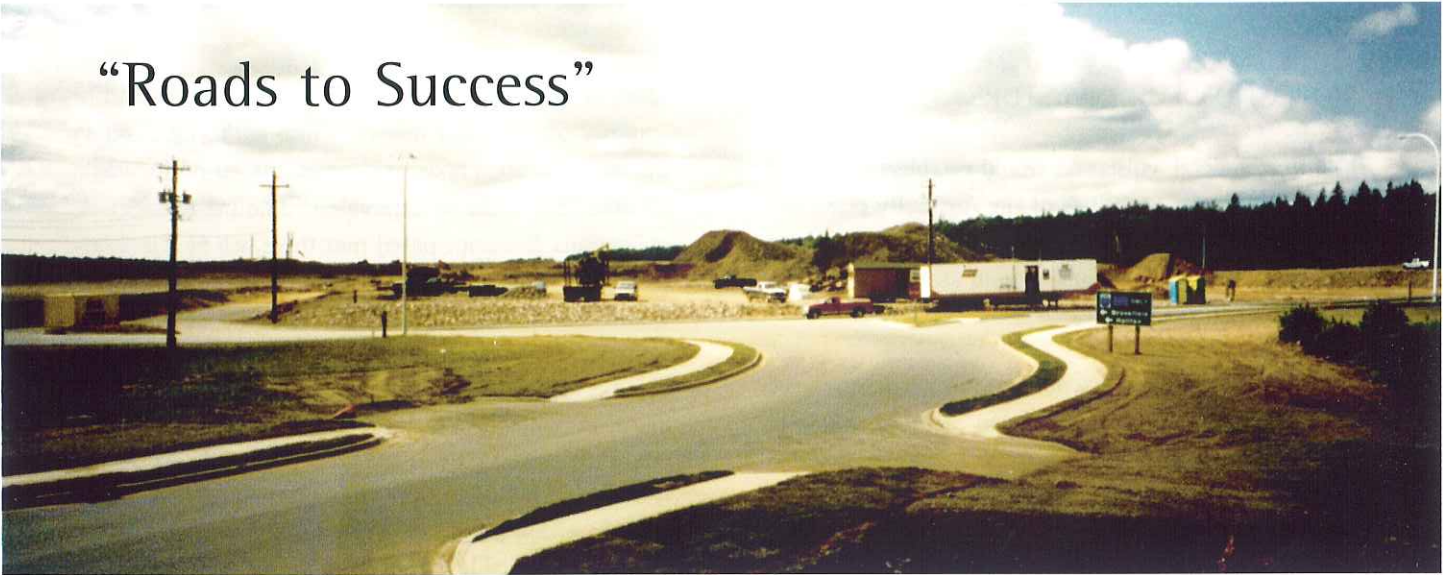
It may be required that investments mature or be callable within a specific time and that a percentage of the fund be callable within a limited time frame.

Additional Protection for Investors

Participating First Nations will be required to meet specific borrowing standards to ensure safeguards on indebtedness are retained. Such safeguards will include the requirement that the debt and user charges, if any, are sufficient to service the debt.

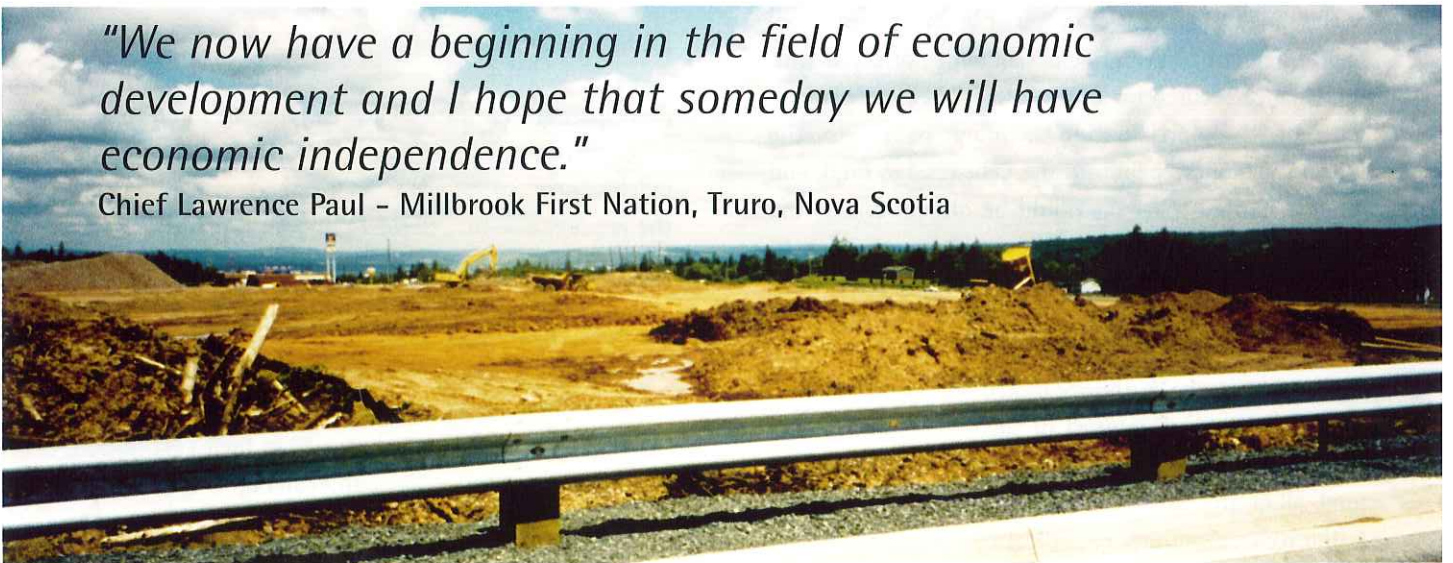
The total indebtedness which a First Nation would be able to contract would be limited to a percentage of the assessed value for general governmental purposes of the taxable land and improvements within their First Nation and the value of the utility system and other First Nation government enterprise.

“Roads to Success”



“We now have a beginning in the field of economic development and I hope that someday we will have economic independence.”

Chief Lawrence Paul - Millbrook First Nation, Truro, Nova Scotia



ADAMS LAKE BAND

Location: Adam Lake Band consists of seven (7) parcels of individual reserves located along the shores of Little Shuswap, Shuswap and Adams Lake, British Columbia. Total acreage of all seven (7) parcels is 7,271.2 acres.

Population: Total population of the Adams Lake Band is 641.

**BONAPARTE INDIAN BAND**

Location: The Band has 9 reserves in total with the majority of members residing on IR#3 Bonaparte and IR# 1 & 2 Upper and Lower Hat Creek all located near Cache Creek, British Columbia.

Population: Total population approximately 704 (474 off reserve)

**CHAWATHIL FIRST NATION**

Location: West of Hope, British Columbia.

History: Formerly part of the Hope Band. Consists of 5 reserves on 614 hectares. Part of Coast Salish linguistic group. Member of Sto:lo Nation.

**CHEMAINUS FIRST NATION**

Location: On the point between Ladysmith Harbour and Stuart Channel, Vancouver Island, British Columbia.

Population: Approximately 1,000.

**COLUMBIA LAKE FIRST NATION**

Location: Approximately 3,272 hectares. East Kootenay District, on the Columbia Valley, on Windemere Lake.

Population: Total population of the Columbia Lake Band is 241.

**COWICHAN TRIBES**

Location: 9 reserves in the Cowichan Valley around Duncan on Vancouver Island, British Columbia, comprising 6,000 acres.

Population: Approximately 3,700 (1,700 off reserve)

**ESQUIMALT FIRST NATION**

Location: On Esquimalt Harbour near Victoria, British Columbia.

Population: Total registered population is approximately 216.

**KAMLOOPS INDIAN BAND**

Description: The Kamloops Indian Band is a community of Shuswap people who live at the junction of the North and South Thompson rivers in British Columbia. Kamloops means "Where the rivers meet".

Population: There are 860 band members living on the 13,400 hectare reserve.





KWAKIUTL LAICH-KWIL-TACH NATIONS TREATY SOCIETY

Location: North east area of Vancouver Island, between Comox and Port Hardy.

Member Bands: Mamaleqala-Qwe'Qwa'Sot'Enox, Tlowitsis-Mumtagila, We Wai Kai (Cape Mudge), We Wai Kum (Campbell River) and Kwiakah.

KWAW KWAW APILT FIRST NATION (OR QWEQWE'OPELHP)

Location: An important village site on Koquapilt Slough, near the outlet of the Chilliwack River. The word qweqwe'phelhp means "place where crab apples grow".

Population: Total population of the Kwaw Kwaw Apilt First Nation is 41.



LAKAHAHMEN FIRST NATION (OR LEQ'QMEL)

Location: The Nicomen Tribe of the Upper Sto:lo Territory live along the north side of the Fraser from Squakum Lake to Dewdney Slough. They held all of Nicomen Island except the south-west corner which was Sumas Territory. Their main villages were Leq'amel on the north side of the Nicomen Slough new Deroche (now Sumas I.R.11), and Skwiyo:m (Skweahm), opposite the above on Nicomen Island (now Sumas I.R. 10). Where Lakahahmen is now, was once an important gathering place. The word Leq'amel means, "visiting one another".

Population: Total population of the Lakahahmen First Nation is 298.

LOWER KOOTENAY BAND

Location: Consists of 7 reserves of approximately 2,369 hectares, located 4 miles north of the international boundary line, near Creston British Columbia.

Population: Total registered population of 190.



MATSQUI FIRST NATION (OR MATHZWI)

Location: On the river, they held the south bank from Sumas Mountain to Crescent Island, they held the area between Abbotsford and Aldergrove and south to Nooksack Territory. Their main village inland at Clayburn (Matsqui I.R. #1). The word Mathxwi means "Easy travelling' and refers to the ease with which these people could ascend the creeks and drag their canoes over to tributaries of the Nooksack.

Population: Total population of the Matsqui First Nation is 198.

MILLBROOK FIRST NATION

Location: Truro, Nova Scotia

Description: A Mi'kmaq Community (pronounced Mig Mog) consisting of four individual reserve lands, one in Truro, one in Halifax, and two on the Eastern Shore.

Population: Total population is 1,230. On reserve population is 900 including non-band members.



NAMGIS FIRST NATION

Location: Cormorant Island/Alert Bay (Northern Vancouver Island), British Columbia.

Description: The Namgis are part of the Kwakwaka'wakw (Kwakwala speaking peoples) tribes.

Population: Approximately 800 members live on Cormorant Island and 600 live elsewhere.

OLD MASSETT VILLAGE COUNCIL

Location: Consists of 26 reserves of approximately 906 hectares, located near Old Masset, British Columbia in the Queen Charlotte Islands.

Population: Total registered population - 2,388.



SEABIRD ISLAND FIRST NATION

Location: Seabird Island consist of 4,000 acres of land situated along the Fraser River in Agassiz, British Columbia

Population: Total population of the Seabird Island First Nation is 639.

SLIAMMON FIRST NATION

Location: Consists of 6 reserves of approximately 1,907 hectares, located on the Strait of Georgia near Powell River British Columbia.

Description: Part of the Northern Coast Salish cultural group.

Population: Total registered population is 853.



SONGHEES FIRST NATION



Location: Victoria, British Columbia, South Vancouver Island

Description: Relocated from one of the original village sites in what is now called downtown Victoria in 1911 to existing reserve located in Esquimalt District (160 acres) and two islands located off Oak Bay Municipality.

Population: 362 members, 220 members reside on reserve, 1,200 non-members reside on reserve.

SQUIALA FIRST NATION

Location: Consists of 3 reserves of approximately 596 hectares, located near Chilliwack BC.

Population: Total registered population is 115.



SKOWKALE (OR SQ'EWQEYL)

Location: A main village at the bend in Chilliwack River, a mile above Suqwema'y (where birch trees grow). This village was built on both sides of the river, on site now marked Skowkale I.R. 10 and 11. The word Sq'ewqeyl means "A turn at the Head" (of Chilliwack River) or "Going around a turn".

Population: Total population of the Skowkale First Nation is 190.

ST. MARY'S INDIAN BAND

Location: 4 miles outside of the City of Cranbrook in the East Kootenays region of British Columbia.

Description: St. Mary's Indian Band four reserves total roughly 18,420 acres or 7,461 hectares. The Band is a member of the Ktunaxa/Kinbasket Tribal Council.

Population: Total population of the St. Mary's Indian Band is 272



STO:LO NATION

Location: Chilliwack, British Columbia

Description: Sto:lo Nation is a tribal agency which provides services to member First Nations. Governed by the Lalems Ye Sto:lo Si:ya:m (the government house) and consists of the following Sto:lo First Nations: Aitchelitz, Chawathil, Cheam, Chehalis, Katzie, Kwantlen, KwawKwawApilt, Lakahahmen, Matsqui, Peters, Popkum, Scowlitz, Seabird Island, Shxw'ow'hamel, Skwahlook, Skowkale, Skwah, Skway, Soowahlie, Squiala, Sumas, Tzeachten, Union Bay, Yakweakwioose, and Yale.

Population: Total population is approximately 6,000.



TE'MEXW TREATY ASSOCIATION

Location: Southern Vancouver Island, British Columbia

Te'mexw Treaty Association members are Beecher Bay, Malahat, Nanoose, Sooke, and Songhees

First Nations.

T'IT'Q'ET

Location: near Lillooet, British Columbia, 331 km (4 hours) northeast of Vancouver, British Columbia

Population: approximately 200



TSAWOUT FIRST NATION

Location: Consists of 6 reserves on approximately 419 hectares located near Saanichton on the south eastern tip of Vancouver Island.

Population: Total population of the Tsawout First Nation is 624.

TSAWWASSEN FIRST NATION

Location: Located on the south coast overlooking the Strait of Georgia near the Tsawwassen Ferry Terminal, within the Municipal boundary of Delta.

Population: The on Reserve population is 158 with an additional 96 living off reserve.



TZEACHTEN FIRST NATION (OR CH'YIAQTEL)

Location: Includes lands between Sardis and Vedder Crossing.

Description: Tzeachten reserve consists of 282.1 hectares on one section of land. The word Ch'iyaqtel means "the place of the fish weir". Long ago when the Chilliwack River ran strong and free through the land called Tzeachten, fish weirs could be seen set up all along the river's edge. Later, the Chilliwack River then became shallow and dried out when the Province rerouted the rivers water into the Vedder

Canal as part of the Sumas Lake Drainage Project during the 1920's. This left a number of reserves along the old Chilliwack River without a good fishing river.

Population: Total population of the Tzeachten First Nation is 315.

WESTBANK FIRST NATION

Location: Central Okanagan, British Columbia

Description: Named by the Post Office in 1902. Allotted by Commissioner O'Reilly in 1890. Part of the Salish linguistic group and the Okanagan Nation.

Population: 573 members, 8,000 non members reside on reserve.

Services: Some 28 services supplied by WFN.



WHITE BEAR FIRST NATION

Location: 13 km north of Carlyle, Saskatchewan.

Population: Total registered population 1,900.
