

**FIRST NATIONS
FINANCE AUTHORITY**

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2003 ANNUAL REPORT

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MEMBERS

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|---|---|--------------------------------|
| Adams Lake Indian Band | Lakahahmen Band Taxation | Squiala First Nation |
| Bonaparte Indian Band | Lower Kootenay Band | St. Mary's Band |
| Chawathil Indian Band | Matsqui Band Taxation | Sto:lo Nation Investment |
| Chemainus First Nation | Matsqui First Nation | T'it'q'et |
| Ch-ihl-kway-uhk Tribe Society | Millbrook First Nation | Te'mexw Treaty Association |
| Columbia Lake First Nation | Namgis First Nation | Tsawout First Nation |
| Cowichan Tribes | Old Massett Village Council | Tsawwassen First Nation |
| Greater Massett Development Corporation | Seabird Island Indian Band | Tzeachten Band Taxation |
| Kamloops Indian Band | Skowkale Band Taxation | Tzeachten First Nation |
| Kwakiutl-Laich-Kwil-Tach Nations Treaty Society | Sliammon Taxation Authority | Westbank First Nation |
| Kwaw Kwaw A Pilt Band Taxation | Songhees Indian Band | Westbank First Nation Taxation |
| | Songhees Indian Band & Esquimalt First Nation Trust | White Bear First Nation |

DIRECTORS



President/C.E.O.
Deanna Hamilton



Vice President
Chief Joe Hall



Secretary/Treasurer
Chief Sophie Pierre



Director
Chief Robert Sam



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;

There is much need in Canada for significant investment in infrastructure in First Nation communities. First Nations have identified the need and Canada has identified the need.

The most pressing need is in First Nation communities where infrastructure is at third world levels and where quality of life for aboriginals is well below national standards. To this end, Canada in 2003 committed an additional \$600 million to be spent on improving water quality on-reserves. Most of this is being spent in the poorest First Nation communities, particularly the rural communities, to provide for basic services to homes where current infrastructure is sorely lacking and where communities have no ability to build their own infrastructure with little or no own source revenue.

In 1995 the FNFA was incorporated by First Nations that do have access to own source revenues, and in particular property tax revenues, and need to lever these revenues in order to build additional infrastructure to support economic development. First Nations with predictable and stable revenues will issue bonds to meet capital requirements in much the same as other local governments raise capital.

While the FNFA has its origins with a handful of communities that began to collect property tax in the early 1990s, it is now widely seen across Canada by both First Nations and the Federal Government as an important national First Nations' institution that will facilitate access to public debt financing. In 2003 there are just over 90 First Nations collecting property tax with yearly aggregate revenues in excess of \$40 million. The property tax revenues of First Nations continue to grow, and look to continue to grow steadily for the foreseeable future with more communities opting to collect property tax. The Borrowing Members of the FNFA will be drawn from those First Nations that collect property tax and qualify to become part of the Borrowing Pool. The growth potential for the FNFA looks good.

Of course to support a strong credit rating for the FNFA there is a need for a sound legislative base for First Nations public financing. With a sound legislative base, combined with stable and predictable revenues diversified by a collective credit, FNFA bonds will provide an attractive option for investors. Interest remains strong to purchase our future bonds with a market identified for the initial FNFA issues.

The year 2003 saw the FNFA focus our attentions on supporting Bill C-19, the *First Nations Fiscal and Statistical Management Act* (the "Bill") becoming law. The Bill will transform FNFA Inc. into a statutory body along with three other national First Nation institutions; the First Nations Tax

Commission, the First Nations Financial Management Board and First Nations Statistics. Together the institutions establish the regulatory framework that will support the debt issued by the FNFA. Our efforts in 2003 included preparation and attendance at parliamentary committee hearings and informing lawmakers. However, while there remains strong political support from the government of Canada to pass Bill C-19, the Bill has not yet become law. As the Bill made its way through the parliamentary process more public attention was focused on the FNFA with positive media coming from the financial press. There was also heightened attention by First Nations generally. We expect the Bill to complete the parliamentary process and receive Royal Assent sometime in 2004.

In addition to the new legislation there will be a series of regulations that further set out the legal framework for the collection of property tax and FNFA borrowing. The FNFA has been working with Canada and the other institutions to ensure these regulations meet the needs of the FNFA and the market.

FNFA staff continues to work on preparations for the transition from FNFA Inc. to the statutory body. The FNFA is modeled on the Municipal Finance Authority of British Columbia (MFABC). The FNFA and MFABC have agreed in principle to the substance of a long-term contract whereby the MFABC will provide consulting services to the FNFA. This will ensure that as the FNFA develops it has the continued benefit of the expertise of the MFABC. This partnership is valued and is viewed as one of the most progressive between First Nations and local government in Canada.

While the primary focus of the FNFA has been Bill C-19, the FNFA continues to market its investment services to First Nations. In 2003 there was a 10.8% increase in the year-over-year use by First Nations of the two investment funds offered by the FNFA with a total amount invested at December 31st 2003 of \$10.7 million. Returns for the year ending 2003 on the Intermediate Fund were 3.33%, and on the Money Market Fund, 2.88%. Use of the investments pools of the Authority has remained constant since their inception. There is, however, we believe significant potential for increased use of these funds as First Nations become more aware of the Authority and following passage of the Bill with a statutory framework for the investment program.

2003 has been a challenging year as we gradually moved forward. In the spirit of all the hard work of those that have devoted so much energy to the future success of the FNFA, we wait with much anticipation and expectation for the *First Nations Fiscal and Statistical Management Act* to become law and for the FNFA to move fully into the next phase of our development.

Deanna Hamilton
President/C.E.O.

DIRECTORS PROFILES

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/Chief Executive Officer

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 2003. 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; Westbank First Nation Treaty Negotiations Table; and Westbank First Nation Economic Development Commission.

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: Administration Services, Community Development, Finance, Health,



Fisheries, Lands, Native Justice, Human Resources, Treaty, Child & Family 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 1986, 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 Chairman of the Sto:lo Development Corporation Investment Committee
- 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.
- Former Director of the Tale'awtxw Aboriginal Capital Corporation;
- Former Chairman of the Tale'awtxw Economic Development Association;
- 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 Sto:lo Nation Development Corporation;
- President of Ch-ihl-kway-uhk Tribal Society
- Vice-President of Chi-ihl-kway-uhk Forest Limited Partnership
- Vice-President of the First Nations Finance Authority;
- Member of the BC Assembly of First Nations Chiefs' Committee on Fiscal Relations;

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Photo by Barry Planedin



*Quality infrastructure
supports economic development.*



Photo by Barrie Hamilton



Photo by Barry Planedin

DIRECTORS PROFILES

Continued from page 4

- Member of the Advisory Panel for the First Nations Statistical Institute;
- BC Assembly of First Nations Director;
- BC Commissioner for Taking Affidavits.

Joe is married with two sons and is a very active participant and coach, with more than 35 years involvement in community sports (baseball, soccer).



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.



Alexander Cope
Director

A member of the Millbrook First Nation, located in Truro, Nova Scotia, Alexander Cope is presently serving his sixth 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 Board of the Chignecto Central School Board, the Millbrook Gaming Commission, Millbrook Economic Development Corporation and the Millbrook Housing Authority.



Alexander Cope
Director

Chief Robert Sam attended residential school in Kamloops before moving to St. Louis College for Boys in Victoria. He has attended the University of Victoria. Robert Sam was elected Chief of the Songhees First Nation

in June 1996 and re-elected in June 2000 and again in 2003. He was elected Councillor numerous times since the 1960's. Chief Sam is the Chief Negotiator for the Songhees Nation for Treaty Negotiations and is a Committee Member of the AFN's Chief's Committee on Treaties. Chief Sam has worked in the area of economic development in Prince George for the Carrier Sekani people. As Chief of his community Robert was the driving force in developing the local government bylaws including taxation and fire protection. He successfully negotiated a local education agreement with the Victoria School Board.

In addition to his duties as Chief, Chief Sam currently runs a garbage disposal business and employs local people. As a strong community member, he has been involved with the Songhees Canoe Club and owns Lekwammen Chief, an eleven man War Canoe. Chief Sam is active with the Songhees Youth Group and trains the youth in canoe paddling for canoe races. Chief Sam's strong cultural beliefs guide his leadership style.

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

Pooled Investment Funds

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, 2003 and 2002 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, 2003 and 2002 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.

A handwritten signature in black ink that reads "KPMG LLP". The letters are stylized and cursive.

Chartered Accountants

Victoria, Canada
February 12, 2004

POOLED INVESTMENTS

FIRST NATIONS FINANCE AUTHORITY INC.

Pooled Investments - Statements of Net Assets

December 31, 2003 and 2002

	Money Market Fund		Intermediate Fund		Total	
	2003	2002	2003	2002	2003	2002
ASSETS						
Cash	\$86	\$70	\$2,325	\$872	\$2,411	\$942
Investments (note 2)	4,671,022	4,941,101	6,087,777	4,744,453	10,758,799	9,685,554
Unitholder receivable	-	6,354	-	22,387	-	28,741
	\$4,671,108	\$4,947,525	\$6,090,102	\$4,767,712	\$10,761,210	\$9,715,237
LIABILITIES						
Accrued management fees	\$ 636	\$650	\$1,058	\$830	\$1,694	\$1,480
Unitholder payable	8,280	25,842	-	-	8,280	25,842
	8,916	26,492	1,058	830	9,974	27,322
NET ASSETS AND UNITHOLDERS' EQUITY	4,662,192	4,921,033	6,089,044	4,766,882	10,751,236	9,687,915
	\$4,671,108	\$4,947,525	\$6,090,102	\$4,767,712	\$10,761,210	\$9,715,237

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, 2003 and 2002

	Money Market Fund		Intermediate Fund		Total	
	2003	2002	2003	2002	2003	2002
INVESTMENT INCOME						
Interest income	\$136,022	\$145,156	\$176,890	\$215,757	\$312,912	\$360,913
Less management fees	6,880	8,140	11,324	10,032	18,204	18,172
	129,142	137,016	165,566	205,725	294,708	342,741
GAIN ON INVESTMENTS						
Net realized gain (loss)	(16)	(213)0	19,520	(101,142)	19,504	(101,355)
Net unrealized gain	304	2540	1,112	15,103	1,416	15,357
Net gain (loss) on investments	288	410	20,632	86,039	20,920	(85,998)
NET EARNINGS DISTRIBUTED	\$129,430	\$137,057	\$186,198	\$119,686	\$315,628	\$256,743
NET ASSETS AND UNITHOLDERS' EQUITY						
Units outstanding, beginning of the year	\$4,921,033	\$3,504,485	\$4,766,882	\$4,771,912	\$9,687,915	\$8,276,397
Units subscribed	3,135,968	5,679,491	1,135,965	-	4,271,933	5,679,491
Distributions reinvested	129,430	137,057	186,197	119,686	315,627	256,743
Units redeemed	(3,524,239)	(4,400,000)	-	(124,716)	(3,524,239)	(4,524,716)
Units outstanding, end of the year	\$4,662,192	\$4,921,033	\$6,089,044	\$4,766,882	\$10,751,263	\$9,687,915

See accompanying notes to financial statements.

FIRST NATIONS FINANCE AUTHORITY INC.

Pooled Investments - Notes To Financial Statements

Year ended December 31, 2003 and 2002

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 Canadian generally accepted accounting principles. 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 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, 2003 and 2002

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:

	2003		2002	
	Money Market Fund	Intermediate Fund	Money Market Fund	Intermediate Fund
Bankers' acceptance	5.58%	-	8.72%	-
Corporate bonds, coupons and notes	8.80%	-	8.63%	25.89%
Government of Canada:				
Treasury bills	31.59%	100.00%	35.69%	74.11%
Commercial paper	54.03%	-	46.96%	-
	100%	100%	100%	100%

The investments of the FNFA unitholders represent approximately 0.6% (2002 - 0.6%) of the Money Market Fund and 5.2% (2002 - 4.5%) 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 2003, management fees of \$3,995 (2002 - \$4,073) were paid to the FNFA general operating fund through the MFA.

POOLED INVESTMENTS (MFA)

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

December 31, 2003

Thousands of Dollars

	MATURITY DATE	PAR	COST	% OF TOTAL
Short term Investments:				
Treasury Bills				
Canada Treasury Bill	March 11, 2004	\$75,150	74,756	
Canada Treasury Bill	March 25, 2004	78,625	78,138	
Canada Treasury Bill	April 8, 2004	<u>106,200</u>	<u>105,440</u>	
		259,975	258,333	31.59
Bankers' ACCEPTANCE				
Canadian Imperial Bank of Commerce	February 6, 2004	14,000	13,961	
Canadian Imperial Bank of Commerce	February 4, 2004	19,250	19,201	
HSBC Bank of Canada	February 12, 2004	9,500	9,469	
HSBC Bank of Canada	March 15, 2004	<u>3,000</u>	<u>2,984</u>	
		45,750	45,615	5.58
Discount Commercial Paper				
Alcan Aluminium	March 3, 2004	11,350	11,295	
Alcan Aluminium	March 5, 2004	11,000	10,945	
Cadbury Beverages Canada Inc.	January 7, 2004	9,500	9,496	
Cadbury Beverages Canada Inc.	January 12, 2004	4,350	4,346	
Caisse Centrale	March 30, 2004	1,400	1,391	
Citygroup Financial Canada	February 10, 2004	9,000	8,972	
Citygroup Financial Canada	February 17, 2004	11,700	11,658	
Clear Trust	February 5, 2004	1,800	1,795	
Clear Trust	February 12, 2004	8,000	7,974	
Clear Trust	February 18, 2004	10,200	10,163	
Congress Financial Corporation	March 4, 2004	10,000	9,953	
Darwin Trust	March 17, 2004	10,000	9,944	
Diversified Trust	February 5, 2004	3,600	3,590	
Diversified Trust	February 17, 2004	24,250	24,163	
Diversified Trust	February 18, 2004	8,000	7,971	
Diversified Trust	March 29, 2004	1,550	1,540	
Enbridge Inc.	February 24, 2004	10,000	9,959	
Foothills Pipe Lines Ltd.	February 11, 2004	21,500	21,431	
Honda Canada Finance	February 13, 2004	21,000	20,931	
Household Financial Corp.	March 5, 2004	5,000	4,976	
Leaf Trust	February 5, 2004	3,175	3,167	
Leaf Trust	February 6, 2004	5,000	4,986	
Leaf Trust	March 10, 2004	8,450	8,406	
Macro Trust	February 5, 2004	20,000	19,947	
Macro Trust	February 17, 2004	16,000	15,944	
Manulife Bank of Canada	February 19, 2004	13,200	13,151	
Manulife Bank of Canada	March 24, 2004	4,700	4,671	
Mccain Finance (Canada) Ltd.	January 28, 2004	7,900	7,884	
Mccain Finance (Canada) Ltd.	February 23, 2004	2,250	2,241	
Mccain Finance (Canada) Ltd.	March 22, 2004	1,250	1,242	
Omers Reality Corporation	March 16, 2004	14,000	13,923	
Pure Trust	March 3, 2004	8,900	8,859	
Safe Trust	February 18, 2004	1,650	1,644	
Safe Trust	March 8, 2004	17,000	16,914	
Safe Trust	March 10, 2004	13,300	13,231	
Safe Trust	March 17, 2004	3,100	3,083	
Shoppers Drug	January 30, 2004	4,000	3,991	
Smart Trust	February 5, 2004	5,700	5,685	

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POOLED INVESTMENTS (MFA) CONTINUED

Sound Trust	February 18, 2004	10,400	10,362	
Sound Trust	March 4, 2004	19,650	19,557	
Sound Trust	March 10, 2004	7,300	7,262	
Summit Trust	February 5, 2004	9,000	8,976	
Summit Trust	February 6, 2004	5,000	4,986	
Summit Trust	February 13, 2004	7,500	7,475	
Summit Trust	February 18, 2004	5,500	5,480	
Summit Trust	March 4, 2004	5,000	4,976	
Summit Trust	March 12, 2004	4,150	4,128	
Terasan Inc.	March 8, 2004	7,350	7,313	
Wells Fargo Company	February 17, 2004	20,000	19,928	
		<u>443,625</u>	<u>441,906</u>	54.03
TOTAL SHORT TERM INVESTMENTS		\$749,350	745,855	91.20
Corporate Bonds				
Bell Canada	April 30, 2004	13,000	13,168	
Canadian Credit Card Trust	September 24, 2004	32,100	32,120	
Caterpillar Financial Services	March 10, 2005	10,000	10,018	
CNH Capital Canada Receivable Trust	May 17, 2004	5,500	5,516	
Maritime Life Canadian Funding	January 9, 2004	4,654	4,682	
Woodbridge Financial Corporation	May 13, 2004	6,500	6,526	
		<u>71,754</u>	<u>72,030</u>	8.80
TOTAL INVESTMENTS PORTFOLIO		\$821,104	817,884	100.00

Intermediate Fund - Schedule of Investments - (Schedule 2)

December 31, 2003	Thousands of Dollars			
	MATURITY DATE	PAR	MARKET	% OF TOTAL
SHORT TERM INVESTMENTS:				
Treasury Bills				
Canada Treasury Bills	December 30, 2004	120,750	117,667	
TOTAL INVESTMENTS PORTFOLIO		\$120,750	117,667	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

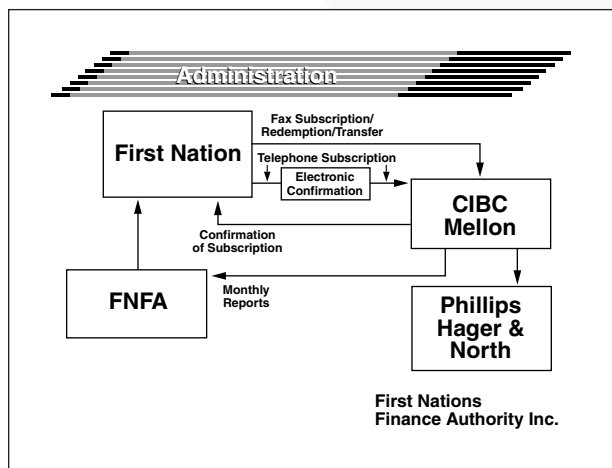
Once legislation has been enacted it is proposed that participating First Nations, either through their tribal councils or on their own behalf, wishing to finance capital projects, will present their approved requests to the Authority.

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 gov-

ernmental 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.

Photo by Barry Planedin



Photo by Barry Planedin



*Infrastructure improves
quality of life.*



Photo by Barry Planedin

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.

FNFA MEMBERS' PROFILES



KWAKIUTL LAICH-KWIL-TACH NATIONS TREATY SOCIETY

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

Member Bands: Mamaleleqala-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.

FNFA MEMBERS' PROFILES



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'IYAQTEL)

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.
